

Translation

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

November 14, 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: November 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2023 (from January 1, 2023 to September 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 | % |
| Nine months ended September 30, 2023 | 33,217 | 3.0 | 1,702 | △5.9 | 1,926 | △10.6 | 1,122 | △30.4 |
| Nine months ended September 30, 2022 | 32,265 | 6.7 | 1,809 | △32.1 | 2,155 | △24.0 | 1,613 | △10.7 |

| | Earnings per share | | Diluted earnings per share | |
|--------------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Nine months ended September 30, 2023 | 30.39 | | – | |
| Nine months ended September 30, 2022 | 43.68 | | – | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|--------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of September 30, 2023 | 52,650 | 35,805 | 60.4 |
| 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 | | | | |
| 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 | 45,000 | 2.2 | 2,600 | △11.3 | 2,800 | △13.5 | 1,700 | △7.0 | 46.01 |

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 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: Yes
- (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 September 30, 2023 | 39,985,017 shares | As of December 31, 2022 | 39,985,017 shares |
|--------------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|--------------------------|------------------|-------------------------|------------------|
| As of September 30, 2023 | 3,037,939 shares | As of December 31, 2022 | 3,034,386 shares |
|--------------------------|------------------|-------------------------|------------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|--------------------------------------|-------------------|--------------------------------------|-------------------|
| Nine months ended September 30, 2023 | 36,949,863 shares | Nine months ended September 30, 2022 | 36,938,378 shares |
|--------------------------------------|-------------------|--------------------------------------|-------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

| | As of December 31, 2022 | As of September 30, 2023 |
|---|-------------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,098,940 | 9,018,119 |
| Notes and accounts receivable - trade | 9,890,226 | 8,746,515 |
| Electronically recorded monetary claims - operating | 4,096,689 | 3,750,895 |
| Merchandise and finished goods | 4,359,638 | 4,831,996 |
| Work in process | 2,835,323 | 3,170,626 |
| Raw materials and supplies | 2,886,760 | 3,156,264 |
| Accounts receivable - other | 873,875 | 551,850 |
| Other | 307,505 | 469,614 |
| Allowance for doubtful accounts | (6,458) | (6,543) |
| Total current assets | 34,342,500 | 33,689,339 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 4,240,912 | 4,169,339 |
| Machinery, equipment and vehicles, net | 3,007,907 | 3,170,164 |
| Land | 5,608,449 | 5,693,754 |
| Construction in progress | 712,956 | 529,955 |
| Other, net | 515,733 | 521,476 |
| Total property, plant and equipment | 14,085,959 | 14,084,691 |
| Intangible assets | | |
| Software | 408,588 | 367,095 |
| Goodwill | 467,671 | 408,611 |
| Customer related assets | 47,275 | 38,350 |
| Technology related assets | 213,150 | 191,100 |
| Other | 9,985 | 23,755 |
| Total intangible assets | 1,146,669 | 1,028,911 |
| Investments and other assets | | |
| Investment securities | 1,168,756 | 1,304,006 |
| Deferred tax assets | 678,324 | 497,318 |
| Retirement benefit asset | 1,350,119 | 1,436,060 |
| Other | 636,857 | 611,306 |
| Allowance for doubtful accounts | (1,000) | △1,000 |
| Total investments and other assets | 3,833,058 | 3,847,692 |
| Total non-current assets | 19,065,687 | 18,961,295 |
| Total assets | 53,408,188 | 52,650,634 |

(Thousands of yen)

| | As of December 31, 2022 | As of September 30, 2023 |
|---|-------------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 4,468,705 | 4,410,757 |
| Electronically recorded obligations - operating | 4,546,412 | 4,022,701 |
| Short-term borrowings | 2,436,836 | 1,720,726 |
| Accounts payable - other | 529,316 | 285,895 |
| Income taxes payable | 758,998 | 326,717 |
| Provision for bonuses | 263,798 | 648,679 |
| Other | 1,597,245 | 1,568,457 |
| Total current liabilities | 14,601,312 | 12,983,936 |
| Non-current liabilities | | |
| Long-term borrowings | 559,973 | 446,382 |
| Provision for directors' retirement benefits | 193,762 | 157,155 |
| Provision for share-based remuneration for directors (and other officers) | 62,237 | 85,540 |
| Deferred tax liabilities | 395,051 | 299,819 |
| Retirement benefit liability | 2,585,929 | 1,867,050 |
| Other | 507,925 | 1,005,473 |
| Total non-current liabilities | 4,304,880 | 3,861,420 |
| Total liabilities | 18,906,193 | 16,845,357 |
| 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 | 26,020,831 |
| Treasury shares | (1,246,518) | (1,342,037) |
| Total shareholders' equity | 30,484,763 | 30,969,222 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 60,050 | 127,799 |
| Foreign currency translation adjustment | 81,013 | 600,515 |
| Remeasurements of defined benefit plans | 131,562 | 113,640 |
| Total accumulated other comprehensive income | 272,627 | 841,955 |
| Non-controlling interests | 3,744,604 | 3,994,099 |
| Total net assets | 34,501,994 | 35,805,277 |
| Total liabilities and net assets | 53,408,188 | 52,650,634 |

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

Consolidated statements of income (cumulative)

(Thousands of yen)

| | Nine months ended September 30, 2022 | Nine months ended September 30, 2023 |
|---|---|---|
| Net sales | 32,265,078 | 33,217,600 |
| Cost of sales | 24,835,890 | 25,800,714 |
| Gross profit | 7,429,188 | 7,416,885 |
| Selling, general and administrative expenses | 5,619,308 | 5,714,132 |
| Operating profit | 1,809,880 | 1,702,753 |
| Non-operating income | | |
| Interest income | 17,712 | 22,567 |
| Dividend income | 9,626 | 9,655 |
| Rental income | 65,991 | 69,305 |
| Foreign exchange gains | 193,620 | 107,700 |
| Share of profit of entities accounted for using equity method | 27,048 | 28,388 |
| Other | 150,469 | 135,040 |
| Total non-operating income | 464,468 | 372,658 |
| Non-operating expenses | | |
| Interest expenses | 18,123 | 13,931 |
| Rental costs | 50,608 | 54,912 |
| Other | 50,548 | 79,612 |
| Total non-operating expenses | 119,280 | 148,456 |
| Ordinary profit | 2,155,068 | 1,926,955 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 5,022 | 3,994 |
| Gain on sales of investment securities | 5,897 | 91 |
| Gain on bargain purchase | 352,455 | — |
| Gain on revision of retirement benefit plan | — | 36,357 |
| Total extraordinary income | 363,375 | 40,443 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 19,299 | 36,631 |
| Total extraordinary losses | 19,299 | 36,631 |
| Profit before income taxes | 2,499,144 | 1,930,766 |
| Income taxes - current | 639,728 | 564,545 |
| Income taxes - deferred | 33,529 | 53,146 |
| Total income taxes | 673,257 | 617,691 |
| Profit | 1,825,886 | 1,313,075 |
| Profit attributable to non-controlling interests | 212,591 | 190,237 |
| Profit attributable to owners of parent | 1,613,295 | 1,122,837 |

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

| | Nine months ended September 30, 2022 | Nine months ended September 30, 2023 |
|--|---|---|
| Profit | 1,825,886 | 1,313,075 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | △22,169 | 74,369 |
| Foreign currency translation adjustment | 891,569 | 704,670 |
| Remeasurements of defined benefit plans, net of tax | △12,956 | △17,922 |
| Share of other comprehensive income of entities accounted for using equity method | △5,502 | △1,419 |
| Total other comprehensive income | 850,941 | 759,698 |
| Comprehensive income | 2,676,828 | 2,072,773 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,179,646 | 1,692,165 |
| Comprehensive income attributable to non-controlling interests | 497,181 | 380,608 |

(Segment Information)**1. Nine Months Ended September 30, 2022 (From January 1, 2022 to September 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 | 23,769,902 | 4,637,327 | 3,849,798 | 8,049 | 32,265,078 | 32,265,078 |
| Intersegment sales and transfers | — | — | — | — | — | — |
| Total | 23,769,902 | 4,637,327 | 3,849,798 | 8,049 | 32,265,078 | 32,265,078 |
| Segment profit (loss) | 952,308 | 861,359 | 70,198 | △73,986 | 1,809,880 | 1,809,880 |

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

2. Nine Months Ended September 30, 2023 (From January 1, 2023 to September 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 | 24,546,226 | 4,626,567 | 4,029,772 | 15,033 | 33,217,600 | 33,217,600 |
| Intersegment sales and transfers | — | — | — | — | — | — |
| Total | 24,546,226 | 4,626,567 | 4,029,772 | 15,033 | 33,217,600 | 33,217,600 |
| Segment profit (loss) | 1,140,358 | 581,945 | 63,147 | △82,697 | 1,702,753 | 1,702,753 |

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