

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2022 (Based on Japanese GAAP)

February 14, 2023

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 of ordinary general meeting of shareholders: March 30, 2023
 Scheduled date to file Securities Report: March 31, 2023
 Scheduled date to commence dividend payments: March 31, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(1) Consolidated operating results

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	%
Year ended December 31, 2022	44,021	8.6	2,931	(9.8)	3,235	(7.2)	1,828	(16.9)
Year ended December 31, 2021	40,518	23.1	3,249	149.3	3,487	145.9	2,200	187.7

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2022	49.50	–	6.1	6.2	6.7
Year ended December 31, 2021	59.63	–	7.8	7.2	8.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2022	53,408	34,501	57.6	832.39
As of December 31, 2021	50,924	32,702	57.4	792.01

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2022	999	(1,987)	(1,301)	8,305
Year ended December 31, 2021	3,650	(993)	(704)	10,435

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2021	–	7.50	–	8.50	16.00	594	26.8	2.1
Year ended December 31, 2022	–	8.00	–	8.00	16.00	594	32.3	2.0
Year ending December 31, 2023 (Forecast)	–	9.00	–	9.00	18.00		30.2	

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
Six months ending June 30, 2023	22,500	7.7	1,600	31.0	1,700	16.4	1,000	20.0	27.06
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 year ended December 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 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 December 31, 2022	3,034,386 shares	As of December 31, 2021	3,051,981 shares
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Average number of shares during the period

Year ended December 31, 2022	36,940,948 shares	Year ended December 31, 2021	36,902,489 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	11,415,551	9,098,940
Notes and accounts receivable - trade	8,577,471	9,890,226
Electronically recorded monetary claims - operating	3,506,977	4,096,689
Securities	391,926	—
Merchandise and finished goods	3,162,404	4,359,638
Work in process	2,189,604	2,835,323
Raw materials and supplies	2,574,345	2,886,760
Accounts receivable - other	646,769	873,875
Other	187,987	307,505
Allowance for doubtful accounts	(6,820)	(6,458)
Total current assets	32,646,217	34,342,500
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,992,679	4,240,912
Machinery, equipment and vehicles, net	2,808,414	3,007,907
Land	5,330,524	5,608,449
Construction in progress	484,064	712,956
Other, net	476,330	515,733
Total property, plant and equipment	13,092,013	13,092,013
Intangible assets		
Software	387,061	408,588
Goodwill	557,538	467,671
Customer related assets	63,975	47,275
Technology related assets	242,550	213,150
Other	30,237	9,985
Total intangible assets	1,281,362	1,146,669
Investments and other assets		
Investment securities	1,425,150	1,168,756
Deferred tax assets	669,565	678,324
Retirement benefit asset	1,161,762	1,350,119
Long-term time deposits	80,000	—
Other	568,947	636,857
Allowance for doubtful accounts	(1,000)	(1,000)
Total investments and other assets	3,904,425	3,833,058
Total non-current assets	18,277,801	19,065,687
Total assets	50,924,018	53,408,188

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,421,022	4,468,705
Electronically recorded obligations - operating	3,648,408	4,546,412
Short-term borrowings	2,610,540	2,436,836
Accounts payable - other	298,624	529,316
Income taxes payable	866,491	758,998
Provision for bonuses	213,525	263,798
Other	1,616,682	1,597,245
Total current liabilities	13,675,295	14,601,312
Non-current liabilities		
Long-term borrowings	758,233	559,973
Provision for directors' retirement benefits	96,755	193,762
Provision for share-based remuneration for directors (and other officers)	55,213	62,237
Deferred tax liabilities	409,695	395,051
Retirement benefit liability	2,685,480	2,585,929
Other	541,205	507,925
Total non-current liabilities	4,546,584	4,304,880
Total liabilities	18,221,880	18,906,193
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	25,534,331
Treasury shares	(1,254,713)	(1,246,518)
Total shareholders' equity	29,261,441	30,484,763
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	100,776	60,050
Foreign currency translation adjustment	(196,858)	81,013
Remeasurements of defined benefit plans	86,075	131,562
Total accumulated other comprehensive income	(10,006)	272,627
Non-controlling interests	3,450,703	3,744,604
Total net assets	32,702,138	34,501,994
Total liabilities and net assets	50,924,018	53,408,188

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	40,518,817	44,021,468
Cost of sales	30,233,349	33,644,218
Gross profit	10,285,467	10,377,249
Selling, general and administrative expenses	7,035,842	7,445,452
Operating profit	3,249,625	2,931,796
Non-operating income		
Interest income	28,528	23,540
Dividend income	12,519	12,729
Rental income	92,213	87,966
Foreign exchange gains	45,355	125,657
Sales scrap	40,914	42,434
Share of profit of entities accounted for using equity method	29,192	37,290
Other	130,588	143,198
Total non-operating income	379,314	472,816
Non-operating expenses		
Interest expenses	20,358	25,060
Rental costs	84,467	67,634
Other	36,138	76,721
Total non-operating expenses	140,964	169,416
Ordinary profit	3,487,975	3,235,197
Extraordinary income		
Gain on sales of non-current assets	5,356	8,053
Gain on sales of investment securities	121,762	41,424
Gain on bargain purchase	—	352,455
Total extraordinary income	127,119	401,933
Extraordinary losses		
Loss on disposal of non-current assets	8,800	21,000
Loss on valuation of investment securities	—	421,848
Total extraordinary losses	8,800	442,849
Profit before income taxes	3,606,294	3,194,281
Income taxes - current	1,069,901	1,173,810
Income taxes - deferred	42,381	(59,295)
Total income taxes	1,112,282	1,114,515
Profit	2,494,012	2,079,766
Profit attributable to non-controlling interests	293,671	251,119
Profit attributable to owners of parent	2,200,340	1,828,647

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	2,494,012	2,079,766
Other comprehensive income		
Valuation difference on available-for-sale securities	15,321	(35,803)
Foreign currency translation adjustment	621,749	441,760
Remeasurements of defined benefit plans, net of tax	151,824	45,487
Share of other comprehensive income of entities accounted for using equity method	1,346	(5,192)
Total other comprehensive income	790,242	446,251
Comprehensive income	3,284,254	2,526,018
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,767,392	2,111,281
Comprehensive income attributable to non-controlling interests	516,861	414,736

Consolidated statements of changes in equity

Fiscal year ended December 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,522,580	2,637,467	22,565,069	(1,279,736)	27,445,380
Changes during period					
Dividends of surplus			(446,205)		(446,205)
Profit attributable to owners of parent			2,200,340		2,200,340
Purchase of treasury shares				(2,116)	(2,116)
Disposal of treasury shares		32,849		27,139	59,988
Change in treasury shares of parent arising from transactions with non-controlling shareholders		4,054			4,054
Net changes in items other than shareholders' equity					
Total changes during period		36,903	1,754,134	25,023	1,816,061
Balance at end of period	3,522,580	2,674,370	24,319,204	(1,254,713)	29,261,441

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	86,514	(597,824)	(65,749)	(577,058)	2,989,706	29,858,027
Changes during period						
Dividends of surplus					–	(446,205)
Profit attributable to owners of parent					–	2,200,340
Purchase of treasury shares					–	(2,116)
Disposal of treasury shares					–	59,988
Change in treasury shares of parent arising from transactions with non-controlling shareholders						4,054
Net changes in items other than shareholders' equity	14,261	400,965	151,824	567,052	460,997	1,028,049
Total changes during period	14,261	400,965	151,824	567,052	460,997	2,844,111
Balance at end of period	100,776	(196,858)	86,075	(10,006)	3,450,703	32,702,138

Fiscal year ended December 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,522,580	2,674,370	24,319,204	(1,254,713)	29,261,441
Changes during period					
Dividends of surplus			(613,521)		(613,521)
Profit attributable to owners of parent			1,828,647		1,828,647
Purchase of treasury shares				(2,227)	(2,227)
Disposal of treasury shares				10,422	10,422
Change in treasury shares of parent arising from transactions with non-controlling shareholders					
Net changes in items other than shareholders' equity					
Total changes during period			1,215,126	8,195	1,223,321
Balance at end of period	3,522,580	2,674,370	25,534,331	(1,246,518)	30,484,763

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	100,776	(196,858)	86,075	(10,006)	3,450,703	32,702,138
Changes during period						
Dividends of surplus					–	(613,521)
Profit attributable to owners of parent					–	1,828,647
Purchase of treasury shares					–	(2,227)
Disposal of treasury shares					–	10,422
Change in treasury shares of parent arising from transactions with non-controlling shareholders						
Net changes in items other than shareholders' equity	(40,726)	277,872	45,487	282,633	293,900	576,534
Total changes during period	(40,726)	277,872	45,487	282,633	293,900	1,799,856
Balance at end of period	60,050	81,013	131,562	272,627	3,744,604	34,501,994

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	3,606,294	3,194,281
Depreciation	1,294,434	1,421,905
Increase (decrease) in provision for bonuses	25,347	47,179
Increase (decrease) in retirement benefit liability	20,972	(40,898)
Decrease (increase) in retirement benefit asset	(148,667)	(207,056)
Interest and dividend income	(41,048)	(36,269)
Interest expenses	20,358	25,060
Share of loss (profit) of entities accounted for using equity method	(29,192)	(37,290)
Gain on bargain purchase	—	(352,455)
Loss (gain) on sales of investment securities	(121,762)	(41,424)
Loss (gain) on valuation of investment securities	—	421,848
Loss (gain) on disposal of non-current assets	8,800	21,000
Loss (gain) on sales of non-current assets	(5,356)	(8,053)
Decrease (increase) in trade receivables	(1,325,737)	(892,284)
Decrease (increase) in inventories	(917,252)	(1,150,062)
Increase (decrease) in trade payables	1,298,259	(13,308)
Increase (decrease) in accrued consumption taxes	113,778	(176,909)
Increase (decrease) in accrued expenses	34,038	31,804
Other, net	414,372	139,931
Subtotal	4,247,638	2,346,996
Interest and dividends received	42,828	36,994
Interest paid	(20,487)	(22,763)
Income taxes paid	(619,843)	(1,362,043)
Net cash provided by (used in) operating activities	3,650,135	999,184
Cash flows from investing activities		
Payments into time deposits	(640,792)	(638,219)
Proceeds from withdrawal of time deposits	671,883	951,395
Purchase of property, plant and equipment	(922,543)	(1,039,093)
Proceeds from sales of property, plant and equipment	8,202	8,943
Payments for retirement of property, plant and equipment	(8,800)	(21,000)
Purchase of investment securities	(149,306)	(205,228)
Proceeds from sales of investment securities	3,600	64,420
Proceeds from redemption of investment securities	200,000	390,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,351,790)
Loan advances	(44)	(3,061)
Collection of loans receivable	1,724	1,412
Other, net	(157,030)	(144,794)
Net cash provided by (used in) investing activities	(993,107)	(1,987,015)

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(229,000)	(170,100)
Proceeds from long-term borrowings	118,038	33,340
Repayments of long-term borrowings	(265,068)	(415,416)
Proceeds from sales of treasury shares	263,963	10,422
Purchase of treasury shares	(447)	(192)
Dividends paid	(446,205)	(613,521)
Dividends paid to non-controlling interests	(95,657)	(120,836)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(21,600)	—
Other, net	(29,009)	(25,094)
Net cash provided by (used in) financing activities	(704,986)	(1,301,397)
Effect of exchange rate change on cash and cash equivalents	184,226	159,454
Net increase (decrease) in cash and cash equivalents	2,136,268	(2,129,774)
Cash and cash equivalents at beginning of period	8,299,433	10,435,701
Cash and cash equivalents at end of period	10,435,701	8,305,927

(Segment Information)**1. Year Ended December 31, 2021 (From January 1, 2021 to December 31, 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	27,896,709	7,182,078	5,416,200	23,828	40,518,817	40,518,817
Intersegment sales and transfers	—	—	—	—	—	—
Total	27,896,709	7,182,078	5,416,200	23,828	40,518,817	40,518,817
Segment profit (loss)	1,545,730	1,608,197	156,771	(61,074)	3,249,625	3,249,625

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

2. Year Ended December 31, 2022 (From January 1, 2022 to December 31, 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	32,199,349	6,515,644	5,296,018	10,456	44,021,468	44,021,468
Intersegment sales and transfers	—	—	—	—	—	—
Total	32,199,349	6,515,644	5,296,018	10,456	44,021,468	44,021,468
Segment profit (loss)	1,648,790	1,227,237	157,843	(102,074)	2,931,796	2,931,796

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