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NITTO KOGYO GROUP

Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 5, 2024

Company name: NITTO KOGYO CORPORATION
Listing: Tokyo, Nagoya
Securities code: 6651
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Scheduled date to file semi-annual securities report: November 8, 2024
Scheduled date to commence dividend payments: December 9, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	81,983	12.1	4,063	(14.8)	4,433	(14.5)	5,212	46.2
September 30, 2023	73,163	11.5	4,771	119.8	5,187	75.5	3,564	109.9

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 5,692 million [10.9%]
Six months ended September 30, 2023: ¥ 5,133 million [67.5%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	137.42	-
September 30, 2023	93.97	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	173,355	111,451	62.9
March 31, 2024	161,742	108,696	67.1

(Reference) Equity: As of September 30, 2024: ¥ 108,999 million
As of March 31, 2024: ¥ 108,488 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	72.00	-	158.00	230.00
Fiscal year ending March 31, 2025	-	64.00			
Fiscal year ending March 31, 2025 (Forecast)			-	68.00	132.00

(Note) Revision to the forecast for dividends announced most recently: Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	178,000	10.8	12,000	0.3	12,000	(4.5)	10,000	14.7	263.64

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 2 (Company name: Tempearl Industrial Co., Ltd. , TEMPEARL INDUSTRIAL (VIETNAM) CO., LTD)

Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
2) Changes in accounting policies due to other reasons: Yes
3) Changes in accounting estimates: Yes
4) Restatement: None

(Note)

The depreciation method has been changed from the current interim consolidated accounting period, which falls under ‘Cases in which changes in accounting policies are difficult to distinguish from changes in accounting estimates’.

(4) Number of issued shares (common shares)

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

September 30, 2024: 40,458,000 shares
March 31, 2024: 40,458,000 shares

2) Number of treasury shares at the end of the period:

September 30, 2024: 2,521,848 shares
March 31, 2024: 2,527,613 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 37,932,528 shares
Six months ended September 30, 2023: 37,930,827 shares

(Note)

The Company has introduced “Board Benefit Trust (BBT)” . The Company’s shares in the BBT, which are reported as treasury shares under Shareholders’ equity, are counted as the number of treasury shares as of the average number of shares outstanding for the period for the purpose of not including for computing earnings per share.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The financial results forecast and other forward-looking statements contained in this report are based on information currently available to the Company and certain assumptions that the Company deemed reasonable and the Company does not promise the achievement of those forecasts. Actual results may differ materially due to various factors.

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	26,475	28,056
Notes and accounts receivable - trade, and contract assets	39,617	35,642
Merchandise and finished goods	9,526	12,221
Work in process	3,629	6,256
Raw materials and supplies	9,068	11,492
Other	2,720	2,784
Allowance for doubtful accounts	(210)	(239)
Total current assets	90,826	96,214
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,699	26,515
Machinery, equipment and vehicles, net	7,635	11,202
Land	17,413	19,137
Leased assets, net	209	214
Construction in progress	4,565	2,140
Other, net	1,591	2,120
Total property, plant and equipment	56,114	61,331
Intangible assets		
Goodwill	583	510
Other	2,976	3,068
Total intangible assets	3,560	3,578
Investments and other assets		
Investment securities	5,557	5,820
Deferred tax assets	369	543
Retirement benefit asset	3,912	4,176
Other	1,439	1,725
Allowance for doubtful accounts	(36)	(34)
Total investments and other assets	11,241	12,231
Total non-current assets	70,916	77,141
Total assets	161,742	173,355

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,389	16,237
Short-term borrowings	8	9,062
Current portion of long-term borrowings	1,848	4,035
Lease liabilities	154	125
Income taxes payable	3,034	1,954
Provision for bonuses	3,184	3,079
Provision for bonuses for directors (and other officers)	-	31
Provision for loss on liquidation of subsidiaries and associates	64	63
Building demolition cost allowance	147	147
Asset retirement obligations	55	82
Other	9,899	6,721
Total current liabilities	33,785	41,540
Non-current liabilities		
Long-term borrowings	16,221	16,012
Long-term accounts payable - other	36	36
Lease liabilities	325	362
Deferred tax liabilities	571	895
Provision for share awards	101	92
Building demolition cost allowance	230	230
Provision for retirement benefits for directors (and other officers)	-	18
Retirement benefit liability	1,538	1,997
Asset retirement obligations	154	554
Other	80	161
Total non-current liabilities	19,260	20,364
Total liabilities	53,046	61,904
Net assets		
Shareholders' equity		
Share capital	6,578	6,578
Capital surplus	6,986	7,714
Retained earnings	91,728	90,932
Treasury shares	(3,205)	(3,195)
Total shareholders' equity	102,088	102,029
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,223	1,818
Foreign currency translation adjustment	2,150	3,310
Remeasurements of defined benefit plans	2,025	1,841
Total accumulated other comprehensive income	6,399	6,970
Non-controlling interests	208	2,451
Total net assets	108,696	111,451
Total liabilities and net assets	161,742	173,355

Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	73,163	81,983
Cost of sales	53,455	60,217
Gross profit	19,708	21,765
Selling, general and administrative expenses	14,936	17,702
Operating profit	4,771	4,063
Non-operating income		
Interest income	26	35
Dividend income	125	142
Rental income from buildings	42	71
Foreign exchange gains	178	50
Other	101	224
Total non-operating income	474	523
Non-operating expenses		
Interest expenses	25	76
Other	33	78
Total non-operating expenses	58	154
Ordinary profit	5,187	4,433
Extraordinary income		
Gain on sale of non-current assets	4	5
Gain on liquidation of subsidiaries and associates	64	-
Gain on bargain purchase	-	2,395
Total extraordinary income	68	2,401
Extraordinary losses		
Loss on sale and retirement of non-current assets	14	61
Loss on sale of investment securities	1	-
Total extraordinary losses	15	61
Profit before income taxes	5,240	6,773
Income taxes - current	1,658	1,794
Income taxes - deferred	30	(127)
Total income taxes	1,688	1,667
Profit	3,551	5,105
Loss attributable to non-controlling interests	(12)	(106)
Profit attributable to owners of parent	3,564	5,212

Semi-annual Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	3,551	5,105
Other comprehensive income		
Valuation difference on available-for-sale securities	483	(401)
Foreign currency translation adjustment	1,087	1,194
Remeasurements of defined benefit plans, net of tax	10	(206)
Total other comprehensive income	1,581	586
Comprehensive income	5,133	5,692
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,135	5,783
Comprehensive income attributable to non-controlling interests	(2)	(91)

Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	5,240	6,773
Depreciation	2,128	2,925
Amortization of goodwill	122	85
Gain on bargain purchase	-	(2,395)
Increase (decrease) in provision for bonuses	(134)	(331)
Increase (decrease) in provision for bonuses for directors (and other officers)	31	21
Increase (decrease) in allowance for doubtful accounts	24	3
Increase (decrease) in provision for share awards	5	(8)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(11)	(1)
Decrease (increase) in retirement benefit asset	(0)	(172)
Interest and dividend income	(151)	(177)
Interest expenses	25	76
Loss (gain) on sale of non-current assets	(2)	30
Loss on retirement of non-current assets	12	25
Loss (gain) on sale of investment securities	1	-
Loss (gain) on liquidation of subsidiaries and associates	(64)	-
Decrease (increase) in trade receivables	2,552	6,512
Decrease (increase) in inventories	(1,961)	(1,991)
Increase (decrease) in trade payables	(1,623)	(1,294)
Increase (decrease) in accrued consumption taxes	386	707
Other, net	(3)	(709)
Subtotal	6,576	10,077
Interest and dividends received	174	177
Interest paid	(20)	(62)
Income taxes paid	(615)	(2,859)
Net cash provided by (used in) operating activities	6,114	7,331
Cash flows from investing activities		
Payments into time deposits	(197)	(0)
Proceeds from withdrawal of time deposits	136	162
Purchase of non-current assets	(6,904)	(6,695)
Proceeds from sale of non-current assets	4	2
Purchase of investment securities	(60)	(311)
Proceeds from sale and redemption of investment securities	40	-
Loan advances	-	(330)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(3,216)
Proceeds from liquidation of subsidiaries	64	-
Other, net	(42)	(198)
Net cash provided by (used in) investing activities	(6,957)	(10,587)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(12)	8,649
Proceeds from long-term borrowings	5,000	2,000
Repayments of long-term borrowings	(27)	(25)
Dividends paid	(2,161)	(6,003)
Purchase of treasury shares	(1)	(0)
Other, net	(44)	(85)
Net cash provided by (used in) financing activities	2,752	4,534

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Effect of exchange rate change on cash and cash equivalents	409	507
Net increase (decrease) in cash and cash equivalents	2,318	1,786
Cash and cash equivalents at beginning of period	20,098	25,411
Cash and cash equivalents at end of period	22,417	27,198