

# Quarterly Report Q2 for the fiscal year ending December 2021

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Aug 10<sup>th</sup>, 2021  
Nittoseiko Co., Ltd.  
(Securities Code 5957 in the First Section of  
the Tokyo Stock Exchange)

# Highlight of Q2 consolidated result for the fiscal year ending December 2021

Unit : Millions of yen/%	Q2 fiscal year 2020		Q2 fiscal year 2021		YoY	
	Yen	Share (%)	Yen	Share (%)	Amount	%
Net sales	15,887	100.0	20,252	100.0	4,365	27.5
Gross profit	3,655	23.0	5,275	26.0	1,619	44.3
SG & A expenses	3,111	19.6	3,393	16.8	282	9.1
Operating profit	544	3.4	1,881	9.3	1,337	245.4
Ordinary profit	603	3.8	2,010	9.9	1,406	233.0
Profit before income taxes	601	3.8	2,131	10.5	1,529	254.2
Profit attributable to owners of parent	329	2.1	1,231	6.1	902	273.6
Earnings per share	8.96		33.41			

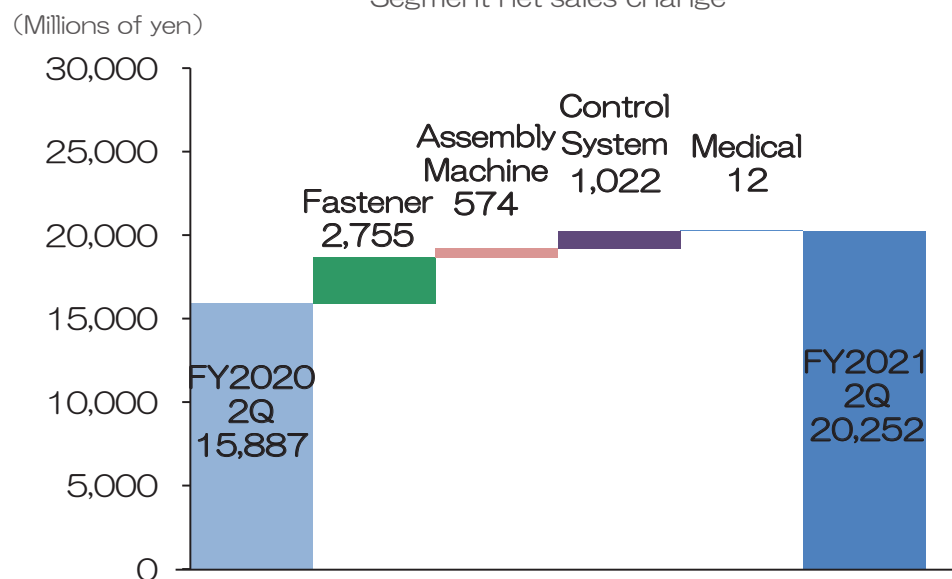
- The company's subsidiary in Southeast Asia was affected by the rebound of COVID-19, but sales of screws, mainly in the automotive industry, recovered, increasing 27.5% year on year.
- Sales of precision screws for game machines and PCs continued to be strong due to the demand from staying at home (stay-at-home orders).
- In the assembly machinery business, capital investment related to EVs and CASE continued, but did not recover to pre-pandemic level affected by the stagnant capital investment mainly in the US. Electrical & electronics and energy-related products contributed to sales.

# Consolidated net sales and operating profit by segment

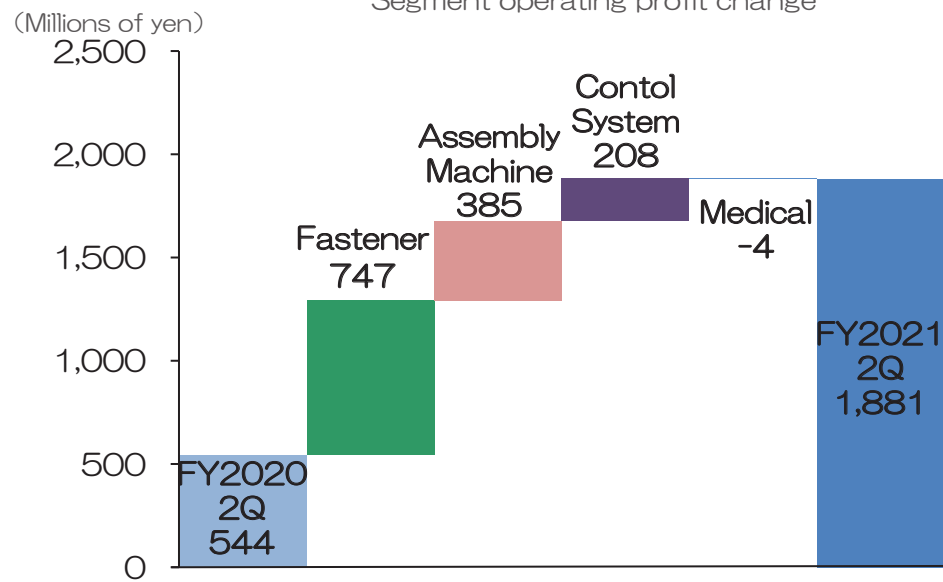


Unit : Millions of yen/%		Q2 fiscal year 2020	Q2 fiscal year 2021	YoY	
				Amount	%
Fastener Business	Net sales	11,229	13,985	2,755	24.5
	Operating profit	147	894	747	508.5
	Operating profit (%)	1.3	6.3		
Assembly Machine Business	Net sales	3,116	3,690	574	18.4
	Operating profit	558	944	385	69.2
	Operating profit (%)	17.9	25.8		
Control System Business	Net sales	1,530	2,552	1,022	66.8
	Operating profit	( 160 )	47	208	—
	Operating profit (%)	( 10.5 )	1.9		
Medical Business	Net sales	10	23	12	116.4
	Operating profit	0	( 4 )	( 4 )	—
	Operating profit (%)	0.9	( 19.9 )		

Segment net sales change



Segment operating profit change



Unit : Millions of yen/%	FY2020 2Q	FY2021 2Q	YoY	
			Amount	%
Net sales	11,229	13,985	2,755	24.5
Automobile	3,994	5,366	1,372	34.4
Electrical and electronic parts	2,032	2,611	579	28.5
Housing and construction	1,993	2,278	285	14.3
Household goods	1,018	1,198	179	17.7
IT and digital equipment	750	653	( 97 )	( 12.9 )
Precision Equipment	336	515	179	53.3
Medical	103	143	40	38.8
Energy sector	129	86	( 43 )	( 33.3 )
Others	874	1,135	261	29.9
Operating profit	147	894	747	508.5

## ◆Automobile

- Sales of automotive batteries and ECU-related products are strong due to increased production volume.

## ◆Electrical and electronic parts

- Demand from telework and staying at home continued and increased the demand for home electronics such as PCs.

## ◆Housing and construction

- Housing starts are recovering, and sales of home interior-related parts and screws for construction markets are contributing to the recovery.

## ◆Household goods

- Demand from staying at home continued to increase sales of various game machines.

## ◆IT and digital equipment

- Sales of copy machines and other products, mostly in overseas markets, failed to grow due to restrictions imposed by the spread of COVID-19, mainly in Asia.

- Sales of self-tapping screws and precision screws for automobiles (electrical equipment, etc.) were strong, recovering from the temporary halt of production due to the pandemic.
- Sales of screws and parts related to new lifestyles, such as transportation, are strong.
- Production was affected overseas by shortage of semiconductors and the spread of COVID-19.

Unit : Millions of yen/%	FY2020 2Q	FY2021 2Q	YoY	
			Amount	%
Net sales	3,116	3,690	574	18.4
Automobile	2,088	1,922	( 165 )	( 8.0 )
Electrical and electronic parts	252	630	378	150.0
Energy sector	72	511	439	609.7
IT and digital equipment	34	85	51	150.0
Housing and construction	87	55	( 32 )	( 36.8 )
Medical	37	23	( 15 )	( 37.8 )
Amusement machine	57	23	( 34 )	( 59.6 )
Precision Equipment	9	14	5	55.6
Others	480	427	( 53 )	( 11.0 )
Operating profit	558	944	385	69.2

## ◆Automobile

- Sales in the US remains weak, even though capital investment related to EVs and CASE continued during the pandemic.

## ◆Electrical and electronic parts

- Orders from household appliance manufacturers were strong compared to ordinary years due to the stay-at-home demand.

## ◆Energy sector

- Installation of gas-related equipment contributed significantly to sales.

## ◆IT and digital equipment

- Although on a recovery trend, sales for new models were weak due to the impact of COVID-19 prevention measures.

## ◆Housing and construction

- Housing starts recovered from the decrease caused by the pandemic, but did not grow significantly, and recovered to the same level as two years before.

- While sales of automotive products were lower than last year, sales of electrical and electronic products and energy-related products were the driving forces.
- Overseas sales in China and Thailand recovered and contributed to a certain level.

# Segment result - Control system business

Unit : Millions of yen/%	FY2020 2Q	FY2021 2Q	YoY	
			Amount	%
Net sales	1,530	2,552	1,022	66.8
Chemicals and pharmaceuticals	407	613	206	50.6
Energy sector	161	562	401	249.1
Housing and construction	180	265	85	47.2
Automobile	60	150	90	150.0
Electrical and electronic parts	44	145	101	229.5
Marine application	111	121	10	9.0
Medical	49	76	27	55.1
Food	48	52	4	8.3
Others	470	568	97	20.9
Operating profit	( 160 )	47	208	—

- ◆Chemicals and pharmaceuticals
  - Sales of element measuring machines and moisture meters contributed due to acquisition of Nittoseiko Analytech.
- ◆Energy sector
  - Sales of analytical equipment for the oil industry at Nittoseiko Analytech contributed.
- ◆Housing and construction
  - Housing starts recovered from the decrease caused by the pandemic, and release of the new product Geocarte IV is driving replacement demand and growth in sales.
- ◆Automobile
  - Capital investment started to recover since fall last year, and sales of the component inspection device 'Mistol' increased.
- ◆Electrical and electronic parts
  - Pretreatment device of IC and resistivity measuring instruments for electrical and electronic market at Nittoseiko Analytech contributed to sales.
- ◆Marine application
  - Orders for flowmeters increased with the introduction of new environmentally friendly ships.

• Segment sales increased significantly due to the acquisition of Nittoseiko Analytech as a subsidiary. In addition, sales of high value-added products, such as geotechnical survey equipment and component inspection device, also recovered.

Unit : Millions of yen/%	FY2020 2Q	FY2021 2Q	YoY	
			Amount	%
Net sales	10	23	12	116.4
Medical	10	23	12	116.4
Other	—	—	—	—
Operating profit	0	( 4 )	( 4 )	—

## ◆Medical

- Business environment is unfavorable due to the pandemic, such as restriction of visits to medical institutions, which affected orders.

- The medical illuminator released in July last year was exhibited at a specialized exhibition, and options and new models are being developed with the acquired information.

- The company made a press release in February for a bio-soluble, high purity magnesium for medical use, and is currently in the process of commercializing it as an implant for bone fracture treatment.

# Q2 consolidated balance sheets for the fiscal year ending December 2021

Unit : Millions of yen/%	Q2 fiscal year 2020		Q2 fiscal year 2021		YoY	
	Yen	Share (%)	Yen	Share (%)	Amount	%
<b>Assets</b>						
Total current assets	27,704	59.9	31,890	63.9	4,186	15.1
Cash and deposits	9,287	20.1	10,836	21.7	1,549	16.7
Notes and accounts receivable - trade Electronically recorded monetary claims - operating	10,543	22.8	12,068	24.2	1,525	14.5
inventory	6,916	15.0	7,519	15.1	602	8.7
Total non-current assets	18,517	40.1	18,022	36.1	( 495 )	( 2.7 )
Non-current assets	12,933	28.0	12,930	25.9	( 2 )	( 0.0 )
Intangible assets	1,421	3.1	1,366	2.7	( 55 )	( 3.9 )
Investments and other assets	4,162	9.0	3,725	7.5	( 437 )	( 10.5 )
<b>Total assets</b>	<b>46,222</b>	<b>100.0</b>	<b>49,912</b>	<b>100.0</b>	<b>3,690</b>	<b>8.0</b>
<b>Liabilities</b>						
Total current liabilities	11,618	25.1	13,711	27.5	2,092	18.0
Notes and accounts payable - trade Electronically recorded obligations - operating	6,674	14.4	8,122	16.3	1,448	21.7
Short-term borrowings	2,847	6.2	2,676	5.4	( 170 )	( 6.0 )
Total non-current liabilities	4,745	10.3	4,658	9.3	( 87 )	( 1.8 )
<b>Total liabilities</b>	<b>16,364</b>	<b>35.4</b>	<b>18,369</b>	<b>36.8</b>	<b>2,005</b>	<b>12.3</b>
<b>Net assets</b>						
Share capital	3,522	7.6	3,522	7.1	—	—
Capital surplus Retained earnings	25,202	54.5	26,304	52.7	1,101	4.4
Treasury shares	( 1,279 )	( 2.8 )	( 1,253 )	( 2.5 )	26	2.1
<b>Total net assets</b>	<b>29,858</b>	<b>64.6</b>	<b>31,543</b>	<b>63.2</b>	<b>1,685</b>	<b>5.6</b>



# Consolidated of cash flows for the fiscal year ending December 2021

Unit : Millions of yen	Q2 fiscal year 2020	Q2 fiscal year 2021		
	Yen	Yen	Amount	%
Cash flows from operating activities ※①	2,424	1,893	( 531 )	( 21.9 )
Cash flows from investing activities※②	( 2,862 )	( 337 )	2,524	—
(FCF) ※①+②	( 437 )	1,555	1,993	—
Cash flows from financing activities	( 524 )	( 164 )	359	—
Net increase (decrease) in cash and cash equivalents	( 1,007 )	1,508	2,516	—
Cash and cash equivalents at beginning of period	9,012	8,299	( 712 )	( 7.9 )
Cash and cash equivalents at end of period	8,004	9,808	1,803	22.5

## 2. Sales estimate for the fiscal year ending December 2021

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The future projections in this document, including earnings forecasts, are based on information currently available to the company and certain assumptions that the company considers reasonable and actual results may differ from these forecasts due to a variety of factors.

# Sales estimate for the fiscal year ending December 2021

Unit : Millions of yen/%	Fiscal year 2020		Fiscal year 2021		YoY	
	Yen	Share (%)	Yen	Share (%)	Amount	%
Net sales	32,904	100.0	41,000	100.0	8,095	24.6
Operating profit	1,303	4.0	3,200	7.8	1,896	145.4
Ordinary profit	1,418	4.3	3,300	8.0	1,881	132.7
Profit attributable to owners of parent	764	2.3	2,000	4.9	1,235	161.5
Earnings per share	20.78		54.15			

- Sales of general screws for automobiles and precision screws for game machines and PCs are expected to be strong due to the stay-at-home orders, with a projected growth in the fastener business.
- The assembly machine business is also expected to see an increase in sales due to the resumption of plans postponed during the pandemic, and a recovery in capital investment in the automotive industry and energy-related industries.
- Nittoseiko Analytech, which became a subsidiary last April, contributed to the expansion of sales in the control business.
- Profit is also expected to increase significantly due to the increase in sales, the effects of a group-wide cost reduction measures, and the impact of foreign exchange rates.