

1. Summary of Business Results for the 116th Fiscal Year Ending Dec 2021

February 14, 2022
NITTOSEIKO CORPORATION
(Securities Code: 5957,
TSE 1st Section)

Financial Highlights 16th Fiscal Year Ending Dec 2021 (Consolidated)



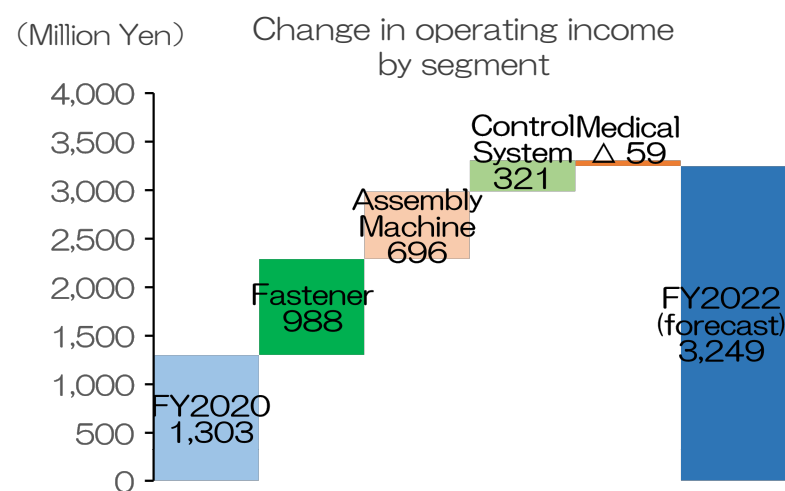
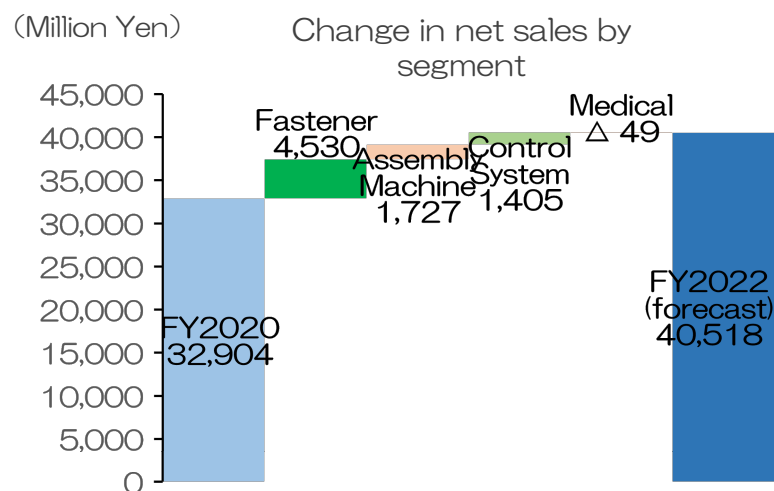
Unit: Million yen / %	Year ending Dec. 2020		Year ending Dec 2021		YoY comparison		Year ending Dec 2021 Compared to forecast (as of Nov. 10, 2021)		
	Amount	Ratio (%)	Amount	Ratio (%)	Amount change	% Change	Forecast amount	Amount change	% Change
Net sales	32,904	100.0	40,518	100.0	7,614	23.1	41,000	Δ481	Δ1.2
Gross profit	7,640	23.2	10,285	25.4	2,644	34.6			
Selling, general and administrative expenses	6,337	19.3	7,035	17.4	698	11.0			
Operating income	1,303	4.0	3,249	8.0	1,945	149.3	3,200	49	1.6
Ordinary income	1,418	4.3	3,487	8.6	2,069	145.9	3,300	187	5.7
Net income for current period before income taxes	1,359	4.1	3,606	8.9	2,246	165.2			
Net income attributed to shareholders of the parent company	764	2.3	2,200	5.4	1,435	187.7	2,000	200	10.0
Net income per share (yen)	20.78		59.63				54.15		

- Sales grew in most business segments, including automobile and electrical and electronic parts. Sales increased by 23.1% y-o-y, surpassing the record high of 40 billion yen.
- We focused on utilizing digital technology and improving productivity and cost efficiency. Operating income increased by approx. 2.5 times from the same period of the previous year.
- In addition to Indonesia, where an integrated screw production system was established in May last year, sales at local subsidiaries in Taiwan, China and other countries were strong, reflecting the recovery of the global economy.
- Sales of screw components were strong due to increased demand in products such as game machines (stay-at-home product), power tools, and bicycles (social distancing product).
- The assembly machine business, including screw tightening machines, is on a recovery track due to increased demand for new production lines and large-scale facilities for CASE and EV-related products.

- Sales of analytical instruments etc. were strong at consolidated subsidiary Nittoseiko Analytech Co. Contributed to sales increase.

Net Sales and Operating Income by Segment (Consolidated) **NITTOSEIKO**

(Unit: Million yen / %)		Year ending Dec 2020	Year ending Dec 2021	YoY comparison	
				Amount change	% Change
Fastener	Net sales	23,366	27,896	4,530	19.4
	Operating income	557	1,545	988	177.1
	Profit ratio	2.4	5.5		
Assembly Machine	Net sales	5,454	7,182	1,727	31.7
	Operating income	911	1,608	696	76.4
	Profit ratio	16.7	22.4		
Control System	Net sales	4,010	5,416	1,405	35.0
	Operating income	△164	156	321	—
	Profit ratio	△4.1	2.9		
Medical	Net sales	73	23	△49	△67.5
	Operating income	△1	△61	△59	—
	Profit ratio	△2.1	△256.3		



Overview of results by segment - Fastener Division

Unit: Mil yen/ %	Year ending Dec 2020	Year ending Dec 2021	YOY comparison	
	Amount	Amount	Amount	% Change
Net sales	23,366	27,896	4,530	19.4
Automobile	8,759	10,287	1,529	17.4
Electrical and electronic parts	3,816	4,971	1,155	30.3
Housing and construction	4,116	4,752	635	15.5
Household goods	2,101	2,825	723	34.5
IT and digital equipment	1,090	1,232	142	13.0
Precision equipment	1,159	1,080	△78	△6.8
Medical	279	349	70	25.1
Energy sector	202	131	△70	△35.1
Others	1,844	2,269	424	23.0
Operating Income	557	1,545	988	177.1

- ◆Automobile
 - Strong sales of anti-loosening screws such as “GIZA TITE” and “ALUMITITE”, and screws with embedded washers for ECU boards, mainly for EV and battery-related applications.
- ◆Electrical and electronic parts
 - Demand for home appliances is rising as the stay-at-home lifestyle becomes established. Sales of screw products for home appliances increased significantly.
- ◆Housing and construction
 - Sales of screw products for housing equipment contributed amid firm housing demand.
- ◆Household goods
 - Special stay-at-home demand. Sales of precision screws for game machines and power tools increased significantly.
- ◆IT and digital equipment
 - Semiconductor shortages continue, but screw products for PCs and smartphones are strong thanks to the trend of remote working.

• Despite a backdrop of production cutbacks due to a shortage of semiconductors, sales of precision screws increased due to increased demand for game machines, PCs, and other home devices from the pandemic. Sales of general screws for automotive ECUs were also strong due to the evolution of electronic controls.

Unit: Mil yen/ %	Year ending Dec 2020	Year ending Dec 2021	YOY comparison	
	Amount	Amount	Amount	% Change
Net sales	5,454	7,182	1,727	31.7
Automobile	3,722	4,293	571	15.3
Electrical and electronic parts	612	924	311	51.0
Energy sector	147	634	486	331.3
Housing and construction	180	314	134	74.4
IT and digital equipment	78	139	61	78.2
Household goods	13	61	47	369.2
Game machines	85	54	△31	△36.5
Medical	52	6	△46	△88.5
Others	565	757	191	34.0
Operating income	911	1,608	696	76.4

◆Automobile

- Investments in new production lines and large-scale facilities for CASE-related and EV-related products were strong.
- The U.S., China, South Korea, and Thailand made significant contributions due to increased demand for new vehicle models and new energy vehicles, etc., for which capital investment is active.

◆Electrical and electronic parts

- Demand for production facilities for home appliances and other products increased significantly as stay-at-home lifestyle becomes established.

◆Energy sector

- Demand for gas meter-related production and inspection facilities increased significantly.

◆Housing and construction

- Demand for heating systems and other facilities increased, and sales continued to increase substantially.

◆IT and digital equipment

- Although demand for HDD-related products and telecommunication base station-related products was sluggish due to semiconductor shortages, demand for smartphone-related products increased.

- On track for recovery due to continued strong demand for CASE-related products, IT-related demand, and large-scale facilities for specific users. Sales increased 31.7% y-o-y.
- Overseas, sales increased due to increased orders for production facilities for new vehicle models, new energy vehicles, and IT-related products.

Overview of Results by Segment - Control System Division **NITTOSEIKO**

Unit: Mil yen/ %	Year ending Dec 2020	Year ending Dec 2021	YOY comparison	
	Amount	Amount	Amount	% Change
Net sales	4,010	5,416	1,405	35.0
Chemical and pharmaceuticals	1,240	1,326	85	6.9
Energy sector	505	1,164	657	130.5
Housing and construction	333	553	220	66.1
Ship building	209	407	198	94.7
Automobile	168	365	196	117.3
Electrical and electronic parts	1	204	202	—
Food	116	113	△2	△2.6
Others	1,438	1,284	△152	△10.7
Operating income	△164	156	321	—

- ◆Chemical and pharmaceuticals
 - Demand for analytical equipment, such as elemental analyzers and moisture meters, is strong.
- ◆Energy sector
 - Demand for analyzers and other products increased due to the renewal of facilities, the launch of the new “NSX5000V series”, and increased demand for export. This contributed significantly to increase in sales.
- ◆Housing and construction
 - Recovery trend due to demand for replacement of the new product “Geokarte IV”.
- ◆Ship building
 - Significant increase due to active renewal of flowmeters in response to stricter exhaust gas regulations for ships.
- ◆Automobile
 - Despite a background of cautious capital investment, including reduced production of automobiles due to a shortage of semiconductors, sales increased substantially due to demand for products such as the “MISTOL” parts inspection system, for which labor-saving is a key concept.

- Analytical equipment contributed significantly to sales growth in the chemical/pharmaceutical and energy sectors.
- Sales of parts inspection equipment were strong due to increased demand from the automobile industry, which is moving toward labor-saving.
- Flowmeter sales were strong, especially in the pharmaceutical and shipbuilding industries.
- Recovery trend due to strong replacement demand for new geotechnical survey equipment.

Unit: Mil yen/ %	Year ending Dec 2020	Year ending Dec 2021	YOY comparison	
	Amount	Amount	Amount	% Change
Net sales	73	23	△49	△67.5
Medical	73	23	△49	△67.5
Others	—	—	—	—
Operating income	△1	△61	△59	—

◆Medical

- We are working to expand sales channels through medical equipment sales companies, develop clinical trials, and reduce costs for "FREELED".

However, the prolonged damage caused by the pandemic did not improve the business conditions of medical institutions or ease their refrain from visits.

- With regard to "bio-soluble high-purity magnesium for medical use," we are promoting efforts to commercialize the product as soon as possible, including the formation of a consortium with medical institutions and the establishment of a manufacturing system.

Balance Sheet 116th Fiscal Year Ending Dec 2021 (Consolidated) **NITTOSEIKO**

Unit: Mil yen/ %	Year ending Dec 2020		Year ending Dec 2021		YoY comparison	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Assets						
Total current assets	27,704	59.9	32,646	64.1	4,941	17.8
Cash and deposits	9,287	20.1	11,415	22.4	2,128	22.9
Notes, accounts receivable-trade, and electronically recorded receivables	10,543	22.8	12,084	23.7	1,541	14.6
Inventories	6,916	15.0	7,926	15.6	1,009	14.6
Total fixed assets	18,517	40.1	18,277	35.9	△239	△1.3
Tangible Fixed Assets	12,933	28.0	13,092	25.7	158	1.2
Intangible fixed assets	1,421	3.1	1,281	2.5	△140	△9.9
Investments and other assets	4,162	9.0	3,904	7.7	△258	△6.2
Total assets	46,222	100.0	50,924	100.0	4,701	10.2
Liabilities						
Total current liabilities	11,618	25.1	13,675	26.9	2,056	17.7
Notes and accounts payable-trade and electronically recorded liabilities	6,674	14.4	8,069	15.8	1,395	20.9
Short-term debt (including current portion of long-term debt and bonds)	2,847	6.2	2,610	5.1	△236	△8.3
Total fixed liabilities	4,745	10.3	4,546	8.9	△199	△4.2
Total liabilities	16,364	35.4	18,221	35.8	1,857	11.4
Net assets						
Capital stock	3,522	7.6	3,522	6.9	—	—
Capital and Retained Earnings	25,202	54.5	26,993	53.0	1,791	7.1
Treasury stock	△1,279	△2.8	△1,254	△2.5	25	0.0
Total net assets	29,858	64.6	32,702	64.2	2,844	9.5

Cash Flow Statement for the Fiscal Year Ending Dec 2021 (Consolidated)



Unit: Mil yen	Year Ending Dec 2020	Year Ending Dec 2021		
	Amount	Amount	Amount change	% Change
CF from operating activities ※①	3,368	3,650	281	8.4
CF from investing activities ※②	△3,164	△993	2,171	—
(Free CF) ※①+②	204	2,657	2,452	—
CF from financing activities	△871	△704	166	—
Net increase (decrease) in cash and cash equivalents	△712	2,136	2,848	—
Cash and cash equivalents at beginning of period	9,012	8,299	△712	△7.9
Cash and cash equivalents at end of period	8,299	10,435	2,136	25.7

2. Forecast for the 117th Fiscal Year Ending Dec 2022

The forecasts contained in this document are based on information currently available to the Company and certain assumptions that the Company considers reasonable and may differ from actual results due to various factors in the future.

Forecast for Fiscal Year Ending Dec 2022 (Consolidated) **NITTOSEIKO**

Unit: Million yen / %	Year ending Dec. 2021		Year ending Dec 2022 (Forecast)		YoY comparison	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount change	% Change
Net sales	40,518	100.0	42,500	100.0	1,981	4.9
Operating income	3,249	8.0	3,400	8.0	150	4.6
Ordinary income	3,487	8.6	3,500	8.2	12	0.3
Net income attributed to shareholders of the parent company	2,200	5.4	2,200	5.2	0	0.0
Net income per share (yen)	59.63		59.57			

- In the first half of the year, although production delays due to the shortage of semiconductors will remain, production in the automobile industry is expected to be strong due to a trend toward increased production to recover from the slump in production caused by the pandemic. Especially, sales related to EVs and ECUs, which will be installed in next-generation vehicles, are expected to be strong.
- Demand is expected to be strong for screw products that improve resource efficiency and reduce weight in order to achieve carbon neutrality.
- Sales of screw tightening machines are expected to be strong due to the resumption of capital investment plans that had been postponed or cancelled due to semiconductor shortages.
- Demand for measuring instruments is expected to remain strong due to the development of materials and changes in existing materials caused by environmental issues.
- Expect to see increased demand related to renewable energy. Flowmeter demand is expected to increase due to increased construction of special vessels for facility construction.
- In the medical business, we will strengthen cooperation with sales companies and aim to conduct clinical trials of magnesium-related development products.

Sales and Operating Income Forecast by Segment (Consolidated) **NITTOSEIKO**

Unit: Million yen / %		Year ending 2021	Year ending 2022 (Forecast)	YoY comparison	
				Amount change	% Change
Fastener	Net sales	27,896	29,490	1,593	5.7
	Operating income	1,545	1,790	244	15.8
	Profit ratio	5.5	6.1		
Assembly Machine	Net sales	7,182	7,290	107	1.5
	Operating income	1,608	1,480	△128	△8.0
	Profit ratio	22.4	20.3		
Control System	Net sales	5,416	5,570	153	2.8
	Operating income	156	240	83	53.1
	Profit ratio	2.9	4.3		
Medical	Net sales	23	150	126	529.5
	Operating income	△61	△110	△48	—
	Profit ratio	△256.3	△73.3		

