

# 1. Summary of Business Results for the 117th Fiscal Year Ending Dec 2022

Feb 14<sup>th</sup>, 2023  
Nittoseiko Co., Ltd.  
(Issue code: Tokyo Stock Exchange Prime 5957)



March 2022:  
Selected as a  
Health  
Management  
Brand for the  
second  
consecutive year.

March 2022:  
Selected as a  
Nadeshiko  
Brand for the  
first time.

# Financial Highlights 117th Fiscal Year Ending Dec 2022 (Consolidated)

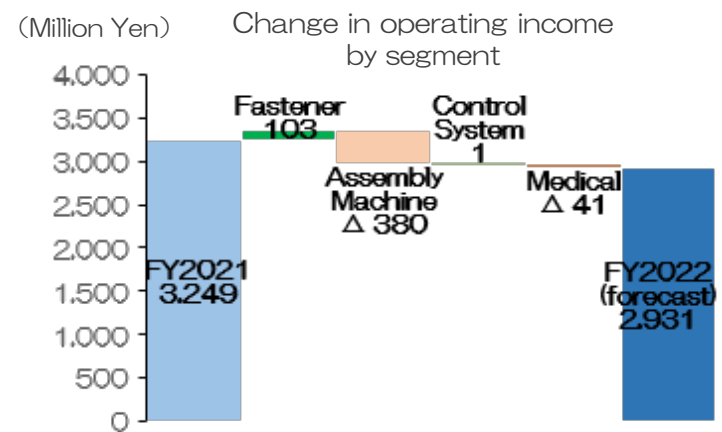
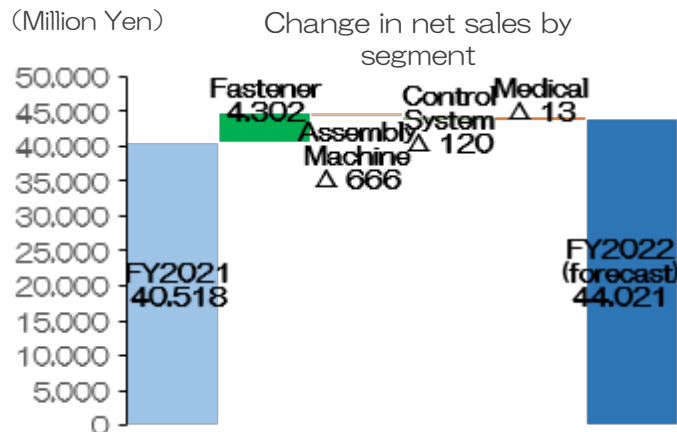


| Unit: Million yen / %  | Year ending Dec. 2021 |           | Year ending Dec 2022 |           | YoY comparison |          | Year ending Dec 2022<br>Compared to forecast<br>(as of Nov. 11, 2022) |               |          |
|--|-----------------------|-----------|----------------------|-----------|----------------|----------|---|---------------|----------|
|  | Amount                | Ratio (%) | Amount               | Ratio (%) | Amount change  | % Change | Forecast amount   | Amount change | % Change |
| <b>Net sales</b>   | 40,518                | 100.0     | <b>44,021</b>        | 100.0     | 3,502          | 8.6      | 42,500  | 1,521         | 3.6      |
| Gross profit   | 10,285                | 25.4      | 10,377               | 23.6      | 91             | 0.9      |   |               |          |
| Selling, general and administrative expenses                       | 7,035                 | 17.4      | 7,445                | 16.9      | 409            | 5.8      |   |               |          |
| <b>Operating income</b>  | 3,249                 | 8.0       | <b>2,931</b>         | 6.7       | △317           | △9.8     | 3,400   | △468          | △13.8    |
| <b>Ordinary income</b>   | 3,487                 | 8.6       | <b>3,235</b>         | 7.3       | △252           | △7.2     | 3,500   | △264          | △7.6     |
| Net income for current period before income taxes                  | 3,606                 | 8.9       | 3,194                | 7.3       | △412           | △11.4    |   |               |          |
| <b>Net income attributed to shareholders of the parent company</b> | 2,200                 | 5.4       | <b>1,828</b>         | 4.2       | △371           | △16.9    | 2,200   | △371          | △16.9    |
| Net income per share (yen)   | 59.63                 |           | 49.50                |           |                |          | 59.54   |               |          |

- KM Seiko Co., Ltd. and Pinning Co., Ltd., which became subsidiaries last April, contributed to sales expansion and the Company achieved record-high sales for the second quarter in a row despite the impact of production adjustments in the automobile-related industry, a major sales destination.
- Profit decreased YoY due to the impact of soaring energy and raw material prices and parts shortages, as well as lower sales resulting from the postponement and freezing of capital investment in the industrial machinery business, which had been driving results.
- Overseas, production generally recovered despite a partial impact of the lockdown in China. The weak yen also contributed to higher sales.

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

| (Unit: Million yen / %) |                  | Year ending Dec 2021 | Year ending Dec 2022 | YoY comparison |          |
|-------------------------|------------------|----------------------|----------------------|----------------|----------|
|                         |                  |                      |                      | Amount change  | % Change |
| Fastener                | Net sales        | 27,896               | 32,199               | 4,302          | 15.4     |
|                         | Operating income | 1,545                | 1,648                | 103            | 6.7      |
|                         | Profit ratio     | 5.5                  | 5.1                  |                |          |
| Assembly Machine        | Net sales        | 7,182                | 6,515                | △666           | △9.3     |
|                         | Operating income | 1,608                | 1,227                | △380           | △23.7    |
|                         | Profit ratio     | 22.4                 | 18.8                 |                |          |
| Control System          | Net sales        | 5,416                | 5,296                | △120           | △2.2     |
|                         | Operating income | 156                  | 157                  | 1              | 0.7      |
|                         | Profit ratio     | 2.9                  | 3.0                  |                |          |
| Medical                 | Net sales        | 23                   | 10                   | △13            | △56.1    |
|                         | Operating income | △61                  | △102                 | △41            | —        |
|                         | Profit ratio     | △256.3               | △976.2               |                |          |



# Overview of results by segment - Fastener Division

| Unit: Mil yen/ %                | Year ending Dec 2021 | Year ending Dec 2022 | YOY comparison |          |
|---------------------------------|----------------------|----------------------|----------------|----------|
|                                 | Amount               | Amount               | Amount         | % Change |
| Net sales                       | 27,896               | 32,199               | 4,302          | 15.4     |
| Automobile                      | 10,287               | 11,417               | 1,129          | 11.0     |
| Housing and construction        | 4,752                | 6,927                | 2,174          | 45.8     |
| Electrical and electronic parts | 4,971                | 5,192                | 220            | 4.4      |
| Household goods                 | 2,825                | 2,776                | △49            | △1.7     |
| IT and digital equipment        | 1,232                | 1,603                | 371            | 30.1     |
| Precision equipment             | 1,080                | 1,143                | 62             | 5.8      |
| Medical                         | 349                  | 324                  | △25            | △7.2     |
| Energy sector                   | 131                  | 165                  | 33             | 25.4     |
| Others                          | 2,269                | 2,652                | 384            | 16.9     |
| Operating Income                | 1,545                | 1,648                | 103            | 6.7      |

• In addition to sales addition from M&A of KM Seiko Co., Ltd. and Pinning Co., Ltd., demand related to EVs, which remains strong, and increased demand in Malaysia and Indonesia from plant expansion contributed to higher sales and profit.

## ◆Automobile

• In EV-related products, demand for key products such as GIZA TITE and CP GRIP increased, and sales of ALUMITITE and gear parts were also strong. In addition, sales of nuts and other products increased due to the acquisition of K.M. Seiko Co., Ltd., as well as contributions from Indonesia.

## ◆Housing and construction

• Sales increased significantly due to the addition of sales of drill screws by K.M. Seiko Co., Ltd. and sales by Kyoei Manufacturing Co., Ltd.

## ◆Electrical and electronic parts

• Despite production cutbacks due to the shortage of semiconductors, demand for CP GRIP and GIZA TITE, etc., for anti-contamination screws remained strong.

## ◆Household goods

• The game machine market remained flat despite a decrease in production caused by a shortage of semiconductors, due to an increase in demand for high value-added products such as precision screws.

| Unit: Mil yen/ %                | Year ending Dec 2021 | Year ending Dec 2022 | YOY comparison |          |
|---------------------------------|----------------------|----------------------|----------------|----------|
|                                 | Amount               | Amount               | Amount         | % Change |
| Net sales                       | 7,182                | 6,515                | △666           | △9.3     |
| Automobile                      | 4,293                | 3,890                | △403           | △9.4     |
| Electrical and electronic parts | 924                  | 789                  | △134           | △14.5    |
| Energy sector                   | 634                  | 327                  | △306           | △48.4    |
| IT and digital equipment        | 139                  | 147                  | 8              | 5.9      |
| Housing and construction        | 314                  | 135                  | △179           | △57.2    |
| Game machines                   | 54                   | 64                   | 10             | 20.2     |
| Household goods                 | 61                   | 33                   | △28            | △46.3    |
| Medical                         | 6                    | 3                    | △3             | △43.0    |
| Others                          | 757                  | 1,127                | 369            | 48.9     |
| Operating income                | 1,608                | 1,227                | △380           | △23.7    |

## ◆Automobile

- Although inquiries for CASE- and EV-related screw tightening equipment remained strong, investment was weak due to modest capital investment affected by the prolonged global semiconductor shortage and partial plant shutdowns.

## ◆Electrical and electronic parts

- Although demand for semiconductor equipment continues from last year, this year's demand from major users is more limited than last year's investment. As a result, sales is down significantly YoY. However, it is above the level of the year before last.

## ◆Energy sector

- Sales declined significantly from the previous quarter in reaction to last year's special demand, but exceeded the level of the year before last.

## ◆IT and digital equipment

- Despite a sense of stagnation due to the shortage of semiconductors, demand related to telecommunication base stations, and smartphones remained strong.

## ◆Housing and construction

- Although inquiries for screw tightening robots and other products to reduce labor increased, sales were down significantly from the previous quarter.

- Both sales and profit declined due to the significant impact of a freeze on capital investment by customers in the automotive and other industries that are experiencing a shortage of semiconductors.
- The Company will launch new labor saving and environmentally friendly products and strengthen its sales expansion framework to increase sales and generate profits.

# Overview of Results by Segment – Control System Division **NITTOSEIKO**

| Unit: Mil yen/ %                | Year ending Dec 2021 | Year ending Dec 2022 | YOY comparison |          |
|---------------------------------|----------------------|----------------------|----------------|----------|
|                                 | Amount               | Amount               | Amount         | % Change |
| Net sales                       | 5,416                | 5,296                | △120           | △2.2     |
| Chemical and pharmaceuticals    | 1,326                | 1,183                | △142           | △10.7    |
| Energy sector                   | 1,164                | 853                  | △310           | △26.7    |
| Housing and construction        | 553                  | 548                  | △4             | △0.9     |
| Automobile                      | 365                  | 367                  | 2              | 0.6      |
| Electrical and electronic parts | 204                  | 305                  | 100            | 49.4     |
| Ship building                   | 407                  | 285                  | △122           | △30.0    |
| Medical                         | 24                   | 134                  | 109            | 456.1    |
| Others                          | 1,373                | 1,621                | 248            | 18.1     |
| Operating income                | 156                  | 157                  | 1              | 0.7      |

- ◆Chemical and pharmaceuticals
  - Although there is demand for analytical instruments and flowmeters, sales remain sluggish due to the shortage of semiconductors.
- ◆Energy sector
  - Although there is demand for analytical instruments, sales remain sluggish due to the shortage of semiconductors.
- ◆Housing and construction
  - Sales remained flat despite replacement demand for the Geokarte IV ground survey machine.
- ◆Automobile
  - Despite demand for equipment such as MISTOL, a parts inspection system that inspects the external dimensions of nuts and other parts, and analytical equipment from Nittoseiko Analytech Co., Ltd., sales remains flat compared to the previous quarter.
- ◆Electrical and electronic parts
  - Significant increase due to strong demand for flowmeters and analytical instruments, despite the shortage of semiconductors.
- ◆Ship building
  - Substantial YoY decline despite high demand for flow meters and other products due to marine transport related fuel efficiency performance regulations.

- Both sales and profit declined due to the impact of production adjustments at demand destinations caused by the prolonged shortage of semiconductors.
- The Company will seek to regain its footing by strengthening overseas sales expansion of analytical instruments and other products.

| Unit: Mil yen/ % | Year ending Dec 2021 | Year ending Dec 2022 | YOY comparison |          |
|------------------|----------------------|----------------------|----------------|----------|
|                  | Amount               | Amount               | Amount         | % Change |
| Net sales        | 23                   | 10                   | △13            | △56.1    |
| Medical          | 23                   | 10                   | △13            | △56.1    |
| Others           | —                    | —                    | —              | —        |
| Operating income | △61                  | △102                 | △41            | —        |

## ◆Medical

- Although there were inquiries about FREELED, the adoption of the product did not materialize. The Company made cost reductions and other improvements to meet market needs and strengthened its sales expansion framework by exchanging information with distributors.
- For “biosoluble high-purity magnesium for medical use,” the Company is proceeding with the development of an integrated manufacturing facility, production of samples for clinical trials, and performance tests, and is working on the early commercialization of the product with the aim of launching it in the market.

Balance Sheet 117th Fiscal Year Ending Dec 2022 (Consolidated) **NITTOSEIKO**

| Unit: Mil yen/ %  | Year ending Dec 2021 |              | Year ending Dec 2022 |              | YoY comparison |            |
|---|----------------------|--------------|----------------------|--------------|----------------|------------|
|   | Amount               | Ratio        | Amount               | Ratio        | Amount         | Ratio      |
| <b>Assets</b>   |                      |              |                      |              |                |            |
| Total current assets  | 32,646               | 64.1         | 34,342               | 64.3         | 1,696          | 5.2        |
| Cash and deposits   | 11,415               | 22.4         | 9,098                | 17.0         | Δ2,316         | Δ20.3      |
| Notes, accounts receivable-trade, and electronically recorded receivables | 12,084               | 23.7         | 13,986               | 26.2         | 1,902          | 15.7       |
| Inventories   | 7,926                | 15.6         | 10,081               | 18.9         | 2,155          | 27.2       |
| Total fixed assets  | 18,277               | 35.9         | 19,065               | 35.7         | 787            | 4.3        |
| Tangible Fixed Assets   | 13,092               | 25.7         | 14,085               | 26.4         | 993            | 7.6        |
| Intangible fixed assets   | 1,281                | 2.5          | 1,146                | 2.1          | Δ134           | Δ10.5      |
| Investments and other assets  | 3,904                | 7.7          | 3,833                | 7.2          | Δ71            | Δ1.8       |
| <b>Total assets</b>   | <b>50,924</b>        | <b>100.0</b> | <b>53,408</b>        | <b>100.0</b> | <b>2,484</b>   | <b>4.9</b> |
| <b>Liabilities</b>  |                      |              |                      |              |                |            |
| Total current liabilities   | 13,675               | 26.9         | 14,601               | 27.3         | 926            | 6.8        |
| Notes and accounts payable-trade and electronically recorded liabilities  | 8,069                | 15.8         | 9,015                | 16.9         | 945            | 11.7       |
| Short-term debt (including current portion of long-term debt and bonds)   | 2,610                | 5.1          | 2,436                | 4.6          | Δ173           | Δ6.7       |
| Total fixed liabilities   | 4,546                | 8.9          | 4,304                | 8.1          | Δ241           | Δ5.3       |
| <b>Total liabilities</b>  | <b>18,221</b>        | <b>35.8</b>  | <b>18,906</b>        | <b>35.4</b>  | <b>684</b>     | <b>3.8</b> |
| <b>Net assets</b>   |                      |              |                      |              |                |            |
| Capital stock   | 3,522                | 6.9          | 3,522                | 6.6          | —              | —          |
| Capital and Retained Earnings   | 26,993               | 53.0         | 28,208               | 52.8         | 1,215          | 4.5        |
| Treasury stock  | Δ1,254               | Δ2.5         | Δ1,246               | Δ2.3         | 8              | —          |
| <b>Total net assets</b>   | <b>32,702</b>        | <b>64.2</b>  | <b>34,501</b>        | <b>64.6</b>  | <b>1,799</b>   | <b>5.5</b> |



# Cash Flow Statement for the Fiscal Year Ending Dec 2022 (Consolidated)

| Unit: Mil yen  | Year Endling Dec 2021 | Year Ending Dec 2022 |               |          |
|--|-----------------------|----------------------|---------------|----------|
|  | Amount                | Amount               | Amount change | % Change |
| CF from operating activities ※①                      | 3,650                 | 999                  | Δ2,650        | Δ72.6    |
| CF from investing activities ※②                      | Δ993                  | Δ1,987               | Δ993          | —        |
| (Free CF) ※①+②                                       | 2,657                 | Δ987                 | Δ3,644        | —        |
| CF from financing activities                         | Δ704                  | Δ1,301               | Δ596          | —        |
| Net increase (decrease) in cash and cash equivalents | 2,136                 | Δ2,129               | Δ4,266        | —        |
| Cash and cash equivalents at beginning of period     | 8,299                 | 10,435               | 2,136         | 25.7     |
| Cash and cash equivalents at end of period           | 10,435                | 8,305                | Δ2,129        | Δ20.4    |

## 2. Forecast for the 118th Fiscal Year Ending Dec 2023

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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 2023 (Consolidated)

| Unit: Million yen / %                                       | Year ending Dec. 2022 |           | Year ending Dec 2023<br>(Forecast) |           | YoY comparison |          |
|---|-----------------------|-----------|------------------------------------|-----------|----------------|----------|
|   | Amount                | Ratio (%) | Amount                             | Ratio (%) | Amount change  | % Change |
| Net sales   | 44,021                | 100.0     | 46,500                             | 100.0     | 2,478          | 5.6      |
| Operating income  | 2,931                 | 6.7       | 3,500                              | 7.5       | 568            | 19.4     |
| Ordinary income   | 3,235                 | 7.3       | 3,700                              | 8.0       | 464            | 14.4     |
| Net income attributed to shareholders of the parent company | 1,828                 | 4.2       | 2,200                              | 4.7       | 371            | 20.3     |
| Net income per share (yen)                                  | 49.50                 |           | 59.54                              |           |                |          |

- Despite the lingering effects of the semiconductor shortage, the Company expects sales to increase due to higher demand from the automotive industry, including the booming EV and ECU-related industries, as well as increased demand due to the recovery from the Covid pandemic.
- In fastener products, demand for functional screws for anti-contamination measures is expected to increase due to the trend toward EVs and reduced weight. In addition, sales of screw products for plastic in the electrical/electronic parts industry are also expected to be strong.
- In the screw fastening machine-related business, sales are expected to increase as the Company strengthens its sales structure in order to obtain orders for CASE-related equipment in the thriving automobile industry.
- Demand for analytical instruments is expected to increase in the chemical, pharmaceutical, food, automobile, and energy industries. Demand for inspection equipment is also expected to remain strong due to the need for labor saving and automation.
- In the medical business, the Company will strengthen cooperation with distributors for the development and sales expansion of medical devices, as well as the development of manufacturing facilities and non-clinical and clinical trials for “biosoluble high-purity magnesium implants for medical use”.
- The Company will expand sales in the European market and promote sales to non-Japanese users in an effort to increase overseas sales within the Group.

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

| Unit: Million yen / % |                  | Year ending 2022 | Year ending 2023 (Forecast) | YoY comparison |          |
|-----------------------|------------------|------------------|-----------------------------|----------------|----------|
|                       |                  |                  |                             | Amount change  | % Change |
| Fastener              | Net sales        | 32,199           | 34,160                      | 1,960          | 6.1      |
|                       | Operating income | 1,648            | 2,090                       | 441            | 26.8     |
|                       | Profit ratio     | 5.1              | 6.1                         |                |          |
| Assembly Machine      | Net sales        | 6,515            | 6,835                       | 319            | 4.9      |
|                       | Operating income | 1,227            | 1,380                       | 152            | 12.4     |
|                       | Profit ratio     | 18.8             | 19.5                        |                |          |
| Control System        | Net sales        | 5,296            | 5,410                       | 113            | 2.2      |
|                       | Operating income | 157              | 130                         | Δ27            | Δ17.6    |
|                       | Profit ratio     | 3.0              | 2.5                         |                |          |
| Medical               | Net sales        | 10               | 95                          | 84             | 808.5    |
|                       | Operating income | Δ102             | Δ100                        | 2              | —        |
|                       | Profit ratio     | Δ976.2           | Δ105.3                      |                |          |

