

Quarterly Report Q3 for the fiscal year ending December 2021

Nov 10th, 2021
Nittoseiko Co., Ltd.
(Securities Code 5957 in the First Section of
the Tokyo Stock Exchange)

Highlight of Q3 consolidated result for the fiscal year ending December 2021



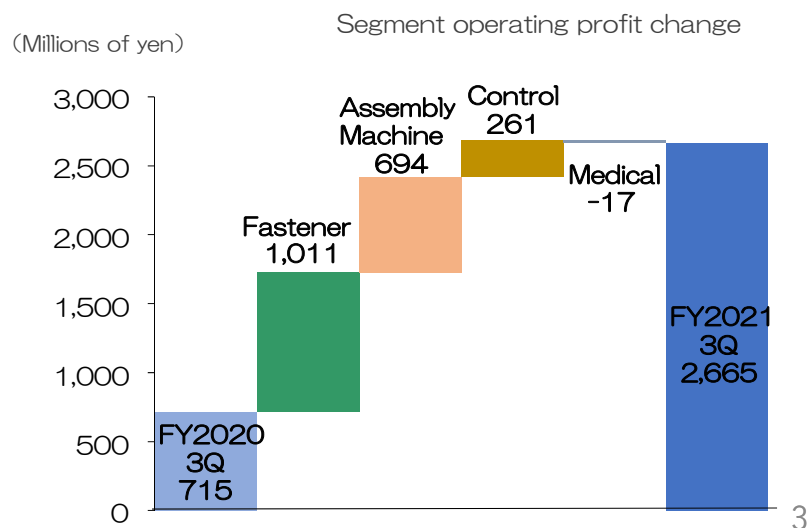
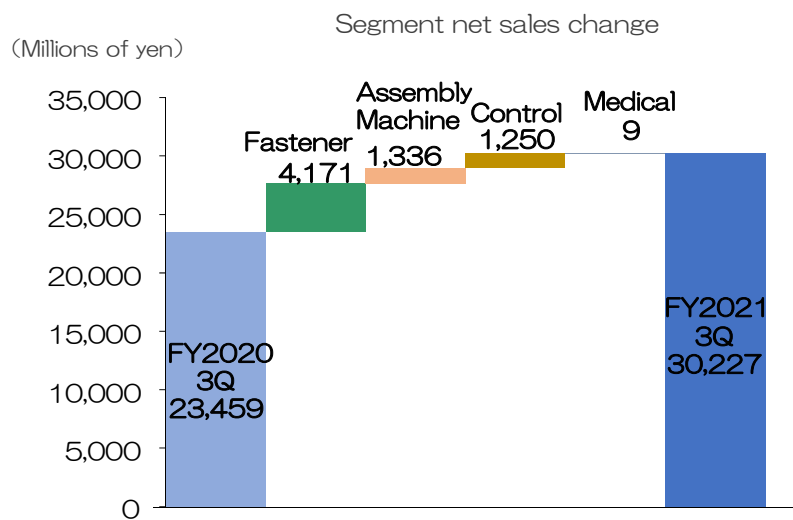
Unit : Millions of yen/%	Q3 fiscal year 2020		Q3 fiscal year 2021		YoY	
	Yen	Share (%)	Yen	Share (%)	Amount	%
Net sales	23,459	100.0	30,227	100.0	6,768	28.9
Gross profit	5,385	23.0	7,805	25.8	2,420	44.9
SG & A expenses	4,670	19.9	5,140	17.0	470	10.1
Operating profit	715	3.0	2,665	8.8	1,950	272.6
Ordinary profit	832	3.5	2,837	9.4	2,004	240.8
Profit before income taxes	831	3.5	2,959	9.8	2,127	255.8
Profit attributable to owners of parent	446	1.9	1,807	6.0	1,360	304.9
Earnings per share	12.13		48.98			

- Orders for “Screw products,” “Industrial machine products” and “Control products” were strong, mainly in the automotive industry. In addition, sales increased 28.9% from the previous fiscal year due to the contribution of the Group’s companies, particularly Nittoseiko Analytech.
- Both “Screw products” and “Industrial machine products” were steady due to strong orders for game machines, PCs and power tools, which are in demand for staying at home.
- Profits are recovering due to value-added products in the fastener business and energy-related automated assembly lines in the industrial machinery business.

Consolidated net sales and operating profit by segment



Unit : Millions of yen/%		Q3 fiscal year 2020	Q3 fiscal year 2021	YoY	
				Amount	%
Fastener Business	Net sales	16,577	20,748	4,171	25.2
	Operating profit	204	1,215	1,011	494.7
	Operating profit (%)	1.2	5.9		
Assembly Machine Business	Net sales	4,165	5,501	1,336	32.1
	Operating profit	664	1,359	694	104.5
	Operating profit (%)	16.0	24.7		
Control Business	Net sales	2,702	3,953	1,250	46.3
	Operating profit	△153	107	261	—
	Operating profit (%)	△5.7	2.7		
Medical Business	Net sales	14	23	9	62.0
	Operating profit	0	△17	△17	—
	Operating profit (%)	0.9	△73.0		



Segment result- Fastener business



Unit : Millions of yen/%	FY2020 3Q	FY2021 3Q	YoY	
			Amount	%
Net sales	16,577	20,748	4,171	25.2
Automobile	5,974	7,945	1,971	33.0
Electrical and electronic parts	2,835	3,599	764	26.9
Housing and construction	2,965	3,402	437	14.7
Household goods	1,670	1,961	291	17.4
IT and digital equipment	984	939	△45	△4.6
Precision Equipment	608	829	221	36.3
Medical	171	247	76	44.4
Energy sector	182	132	△50	△27.5
Others	1,188	1,694	506	42.6
Operating profit	204	1,215	1,011	494.7

- Sales of self-tapping screws and special-purpose screws were strong, especially in the automotive industry.
- Sales of precision screws for PCs and game machines were also strong.
- Overseas sales were slow mainly due to the shortage of semiconductors caused by the COVID-19 pandemic. The Indonesian subsidiary is working to increase demand by strengthening its product supply system.

◆Automobile

- Despite the impact of production adjustments, sales were strong due to new orders for automotive ECU-related products.

◆Electrical and electronic parts

- Despite the shortage of semiconductors and other factors, increased demand from the PC and household appliance industries due to ongoing stay-at-home demand contributed to the increase.

◆Housing and construction

- Despite concerns about the impact of soaring lumber prices, the recovery in housing starts has led to increased demand for interior and construction materials.

◆Household goods

- Sales of game machines were strong due to demand for staying at home.

◆IT and digital equipment

- Sales of copy machines were strong overseas, but weak in Japan.

Segment result- Assembly machine business



Unit : Millions of yen/%	FY2020 3Q	FY2021 3Q	YoY	
			Amount	%
Net sales	4,165	5,501	1,336	32.1
Automobile	2,864	3,217	353	12.3
Electrical and electronic parts	468	773	305	65.2
Energy sector	100	565	465	465.0
Housing and construction	165	175	9	6.1
IT and digital equipment	49	108	59	120.4
Amusement machine	55	42	△13	△23.6
Household goods	11	26	15	136.4
Medical	45	6	△39	△86.7
Others	408	589	182	44.4
Operating profit	664	1,359	694	104.5

- Aggressive capital investment in the automotive sector as well as in other segments also contributed to the increase in sales.
- Overseas, the recovery of the U.S. automobile market contributed to sales of automobile-related products.

- ◆Automobile
 - Recovery due to CASE-related capital investment and resumption of postponed capital investment.
- ◆Electrical and electronic parts
 - Affected by semiconductor shortages and other factors, but recovery due to ongoing stay-at-home demand and increased demand for PC-related and other products.
- ◆Energy sector
 - Recovery due to gas-related capital investment.
- ◆Housing and construction
 - Capital investment related to power tools was strong due to demand for staying at home.
- ◆IT and digital equipment
 - Limited growth due to semiconductor shortage, but showing recovery.

Segment result – Control business



Unit : Millions of yen/%	FY2020 3Q	FY2021 3Q	YoY	
			Amount	%
Net sales	2,702	3,953	1,250	46.3
Chemicals and pharmaceuticals	812	970	158	19.5
Energy sector	341	861	519	152.5
Housing and construction	244	417	173	70.9
Marine application	165	310	145	87.9
Automobile	74	237	163	220.3
Electrical and electronic parts	126	181	55	43.7
Food	78	78	0	0.4
Others	862	899	37	4.3
Operating profit	△153	107	261	—

- Analytical instruments of Nittoseiko Analytech made a significant contribution to sales increase.
- Despite the impact of the delay in housing starts due to soaring lumber prices, replacement of geotechnical survey equipment was strong.
- Increase in sales of flowmeter-related products due to growing demand for environmentally friendly ships.

- ◆ Chemicals and pharmaceuticals
 - Sales of elemental analyzer, moisture analyzer, etc. of the subsidiary Nittoseiko Analytech made a significant contribution.
- ◆ Energy sector
 - Demand for analytical instruments for the petroleum industry is strong at Nittoseiko Analytech.
- ◆ Housing and construction
 - Despite the impact of soaring lumber prices, sales were strong, including replacement with the new ‘Geokarte IV’ geotechnical survey machine.
- ◆ Marine application
 - Demand for flowmeter replacement is increasing due to stricter regulations on ship exhaust gas in Asia.
- ◆ Automobile
 - Demand for ‘Mistol’, a parts inspection device, recovered as capital investment resumed.

Segment result – Medical business

Unit : Millions of yen/%	FY2020 3Q	FY2021 3Q	YoY	
			Amount	%
Net sales	14	23	9	62.0
Medical	14	23	9	62.0
Other	—	—	—	—
Operating profit	0	Δ17	Δ17	—

◆Medical

- Sales increased slightly from the previous fiscal year despite restraint in visiting medical institutions.
- Focus on developing new models of medical lighting equipment.
- Bio-soluble high-purity magnesium material for medical use, announced in February this year, is in the process of commercialization.

Q3 consolidated balance sheets for the fiscal year ending December 2021



Unit : Millions of yen/%	Q3 fiscal year 2020		Q3 fiscal year 2021		YoY	
	Yen	Share (%)	Yen	Share (%)	Amount	%
Assets						
Total current assets	27,704	59.9	31,549	63.4	3,844	13.9
Cash and deposits	9,287	20.1	10,813	21.7	1,526	16.4
Notes and accounts receivable - trade Electronically recorded monetary claims - operating	10,543	22.8	11,718	23.5	1,175	11.1
inventory	6,916	15.0	7,706	15.5	789	11.4
Total non-current assets	18,517	40.1	18,236	36.6	Δ281	Δ1.5
Non-current assets	12,933	28.0	13,010	26.1	77	0.6
Intangible assets	1,421	3.1	1,322	2.7	Δ99	Δ7.0
Investments and other assets	4,162	9.0	3,903	7.8	Δ259	Δ6.2
Total assets	46,222	100.0	49,785	100.0	3,563	7.7
Liabilities						
Total current liabilities	11,618	25.1	13,212	26.5	1,594	13.7
Notes and accounts payable - trade Electronically recorded obligations - operating	6,674	14.4	7,809	15.7	1,134	17.0
Short-term borrowings	2,847	6.2	2,579	5.2	Δ267	Δ9.4
Total non-current liabilities	4,745	10.3	4,662	9.4	Δ83	Δ1.8
Total liabilities	16,364	35.4	17,874	35.9	1,510	9.2
Net assets						
Share capital	3,522	7.6	3,522	7.1	—	—
Capital surplus Retained earnings	25,202	54.5	26,600	53.4	1,397	5.5
Treasury shares	Δ1,279	Δ2.8	Δ1,254	Δ2.5	25	2.0
Total net assets	29,858	64.6	31,911	64.1	2,053	6.9