

(securities Code 5957 in the First section of
the Tokyo Stock Exchange)

Quarterly Report Q2 for the fiscal year ending December 2021

NITTOSEIKO

Taking new steps forward together



1. Quarterly Report Q2 for the fiscal year ending December 2021
2. Sales estimate for the fiscal year ending December 2021
3. Business expansion strategy (subsidiary factory expansion, health management)
4. New business and 3 business initiatives
5. Other strategies
 - Towards a sustainable management
 - Integrated report
 - Capital investments, depreciation and R&D expenses

■ Explained by
Masami Zaiki, President



1. Quarterly Report Q2 for the fiscal year ending December 2021

Aug 10th, 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).

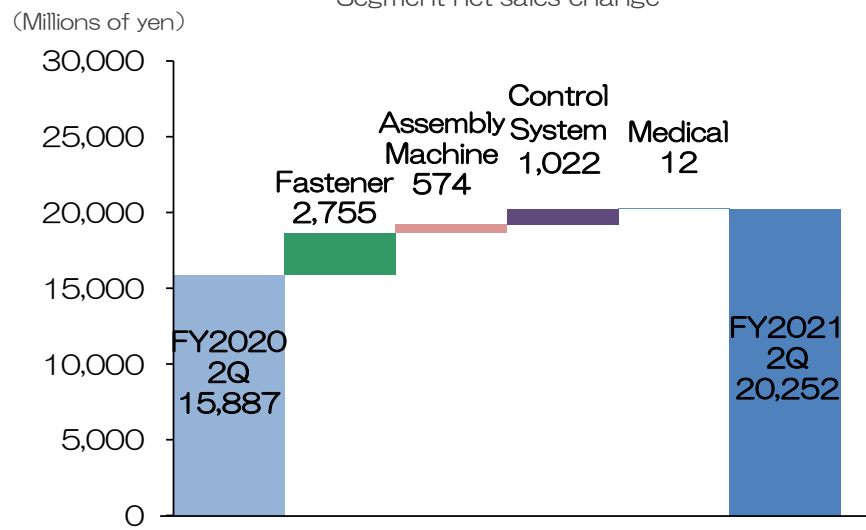
●In the assembly machinery business, capital investment related to EVs and CASE continued, but did not recover to pre-pandemic level affected by the stagnant capital investment mainly in the US. Electrical & electronics and energy-related products contributed to sales.

Consolidated net sales and operating profit by segment

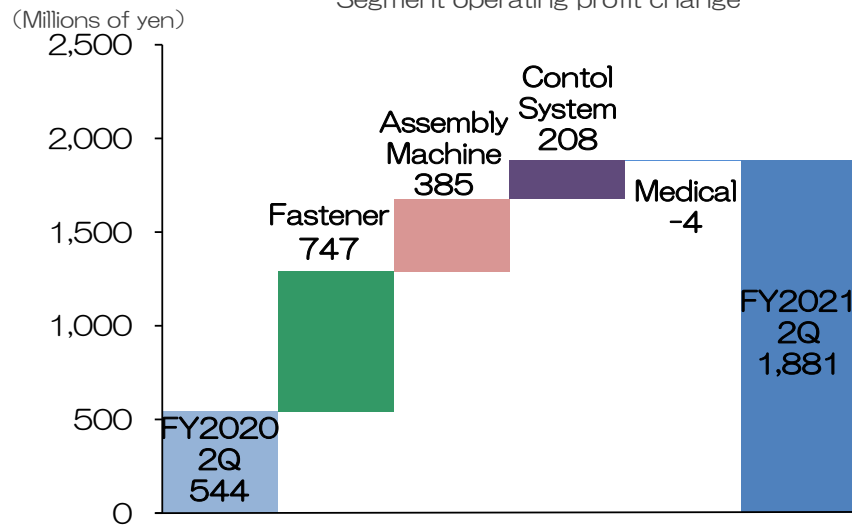


Unit : Millions of yen/%		Q2 fiscal year 2020	Q2 fiscal year 2021	YoY	
				Amount	%
Fastener Business	Net sales	11,229	13,985	2,755	24.5
	Operating profit	147	894	747	508.5
	Operating profit (%)	1.3	6.3		
Assembly Machine Business	Net sales	3,116	3,690	574	18.4
	Operating profit	558	944	385	69.2
	Operating 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



Segment result- Fastener business

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

- 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.

◆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.

Segment result- Assembly machine business



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

- 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.

◆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.

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	—

• 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.

◆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.

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)	—

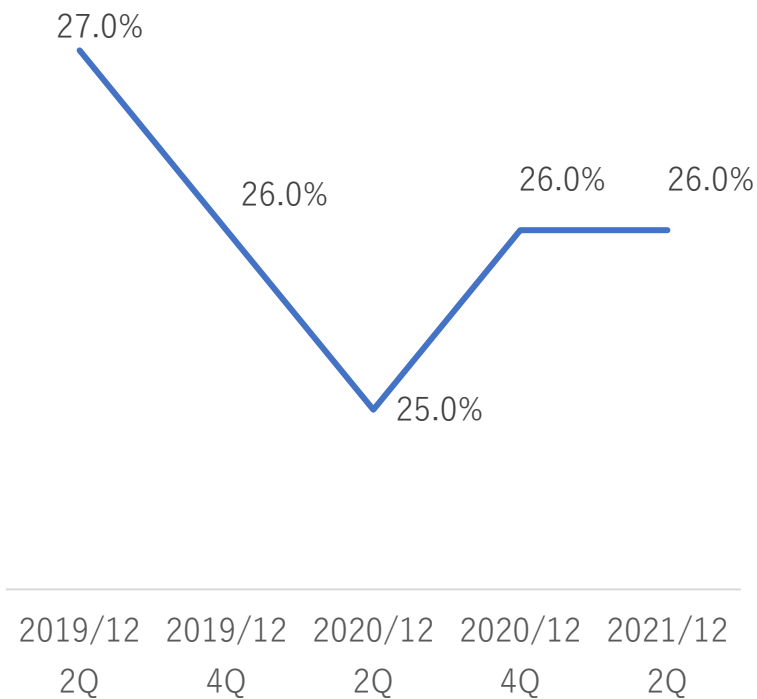
◆Medical

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

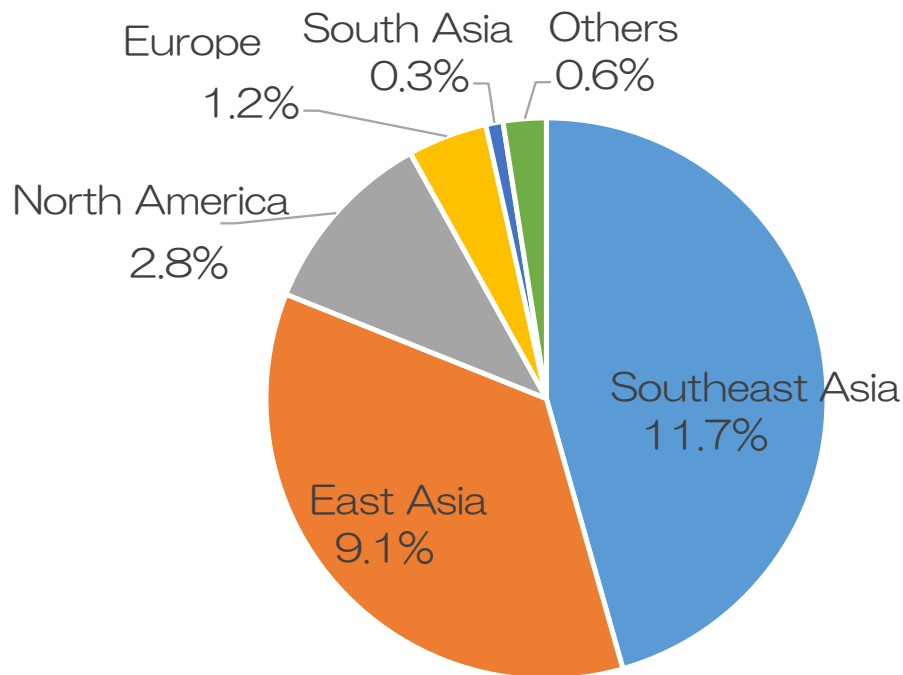
- The medical illuminator released in July last year was exhibited at a specialized exhibition, and options and new models are being developed with the acquired information.

- 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.

Ratio of overseas sales



Sales composition by overseas locations



- In Asia, most of the overseas subsidiaries' sales in the automobile and electrical & electronic parts sectors recovered from the same period last year.
- In North America, the automobile sector continued to decline in the U.S. due to the impact of COVID-19 and the U.S.-China trade issue.
- In other locations, sales of analyzers of Nittoseiko Analytech for Europe increased significantly compared to last year.

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	%
Assets						
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)
Total assets	46,222	100.0	49,912	100.0	3,690	8.0
Liabilities						
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)
Total liabilities	16,364	35.4	18,369	36.8	2,005	12.3
Net assets						
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
Total net assets	29,858	64.6	31,543	63.2	1,685	5.6

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

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



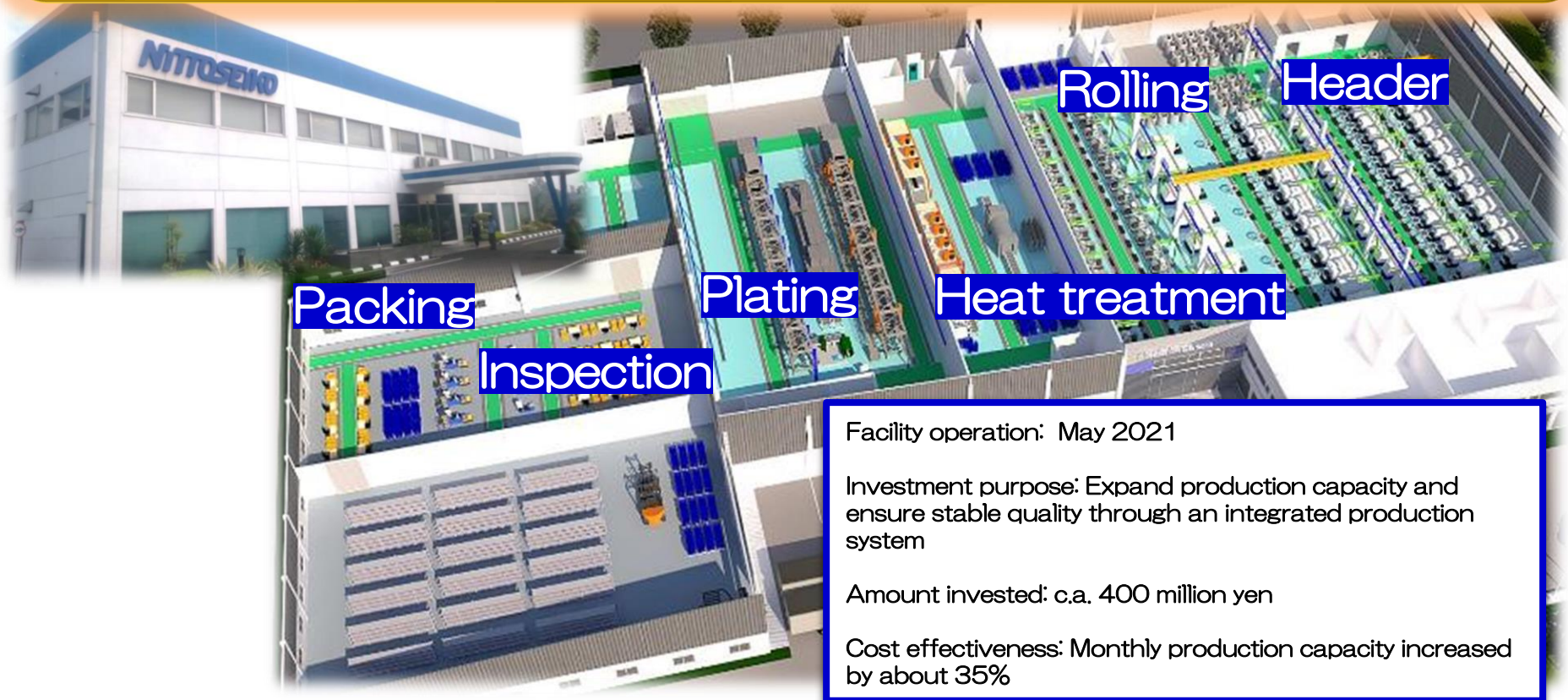
Unit : Millions of yen/%	Fiscal year 2020		Fiscal year 2021		YoY	
	Yen	Share (%)	Yen	Share (%)	Amount	%
Net sales	32,904	100.0	41,000	100.0	8,095	24.6
Operating profit	1,303	4.0	3,200	7.8	1,896	145.4
Ordinary profit	1,418	4.3	3,300	8.0	1,881	132.7
Profit attributable to owners of parent	764	2.3	2,000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

3. Business expansion strategy (factory expansion, health management)

PT. NITTOSEIKO ALAM INDONESIA

Constructed an integrated production line at Factory No. 2 (Bekasi Regency). !



While meeting the needs for quick delivery and high quality, we aim to be an environmentally friendly factory by preventing pollution.

The first certified “Health & Productivity Management Brand 2021”
Highly evaluated by “Excellent Corporation for Health & Productivity
Management 2021 (White 500)” !

Management Strategy “NITTOSEIKO Mission” G: Health management is a
business strategy that has earned high evaluations for health promotion.

Certified with “Health & Productivity Management Brand 2021” and “Excellent Corporation for Health & Productivity Management 2021 (White 500)” for the first time in March. In the evaluation summaries issued in May and June, we received a “high evaluation” of “within the top 10% in overall evaluation and within the 100th place” among all industries.



4. New business and 3 business initiatives

4 business units

The only company that provides a comprehensive solution for fastening

Control System Business

Environmentally friendly products ranging from fluid measurement to cleaning & inspection, moisture & elemental measurement

Providing safety and security through environmentally friendly production.



Geotechnical survey machine 「Geokarte」



Elemental analyzers "NSX-5000V Series"

Industrial Machinery Business

Proposing automation and optimization with assembly equipment

Provide various types of assembly equipment that make use of our know-how



Fastener Business

Creating the next generation of world-leading fasteners and pressed products

Industry's top 90,000 types of screws (custom-made) and precision pressed products are proof of customer satisfaction.



Ultra-small (0.6 mm to 1.0 mm diameter) and precision screws (1.2 mm to 2.6 mm diameter) to 24 mm diameter large bolts



High-precision precision press parts for medical use

New Business Operation Started

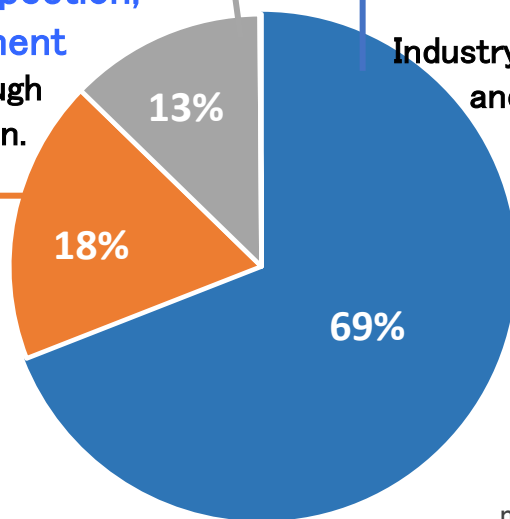
Medical Business

Contributing to people's safety and security

Providing peace of mind with sincere concern for people and precise manufacturing



Medical Illuminator



Sales ratio (June 2021)

Start of the 4th business. Released the first medical lighting device.

Our Aim

1. Expand our medical business by gathering experience and knowledge in product development, manufacturing, and sales through the medical lighting device.
2. Utilize the strict standards and challenges in quality control and manufacturing technology to the three existing businesses.
3. Develop products for the medical industry with our unique strengths by integrating the technologies of the three existing businesses.

- A device that generates light for general surgery or medical treatment.
- The light unit generates light with high brightness close to that of natural light.
- Up to 3 light units can be connected to the power supply box.



General medical device General-purpose light source
JMDN Code : 32037000

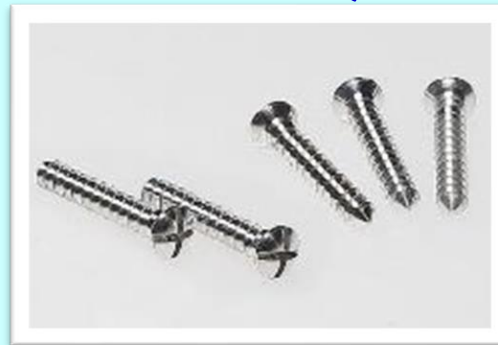
Medical device notification no : 26B2X10036000001

World's first bio-soluble medical high purity magnesium material ~Expanding the medical field~

Patent
application
Dec 2020



Example of application to medical implant products
(Production: Nittoseiko)



Screw



Bone plate



Aiming for
medical device
approval
within 5 years



Intramedullary nail

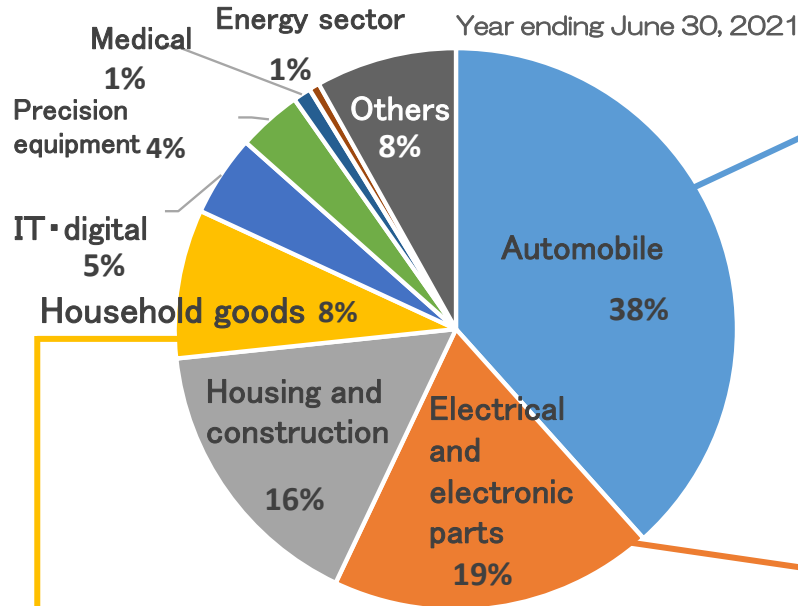
Materials for development.

Reference: Japanese implant market size is 200 billion yen
Even if we assume that 10% of the market is for light-weighted implants such as facial bone, fibula, cervical bone, and fingers, the market size is 20 billion yen.

Sales composition and examples of main products

From problem solving to product realization

Sales composition by customer (consolidated)



Examples of automobile-related parts

Special function screws including secondary processing (cutting and compounding)



Airbag parts



Parts for EVs

Examples of electrical and electronic parts

Self-tapping screws



Home appliances



Examples of household goods



Gaming devices and watches

Segment Growth

Introduce new products to the market and improve customer satisfaction.

Outlook for the target industry

Automobile

Investment in EVs, automatic sensors, and lightweight products is expected to pick up. Expect to see an increase in original tapping screws.

Electrical and electronic parts

Expect to see steady growth due to the establishment of lifestyle changes. Expect increase in general screws.

Household goods

COVID-19, Christmas and other year-end sales are expected to boost sales. Expect an increase in precision small screws.

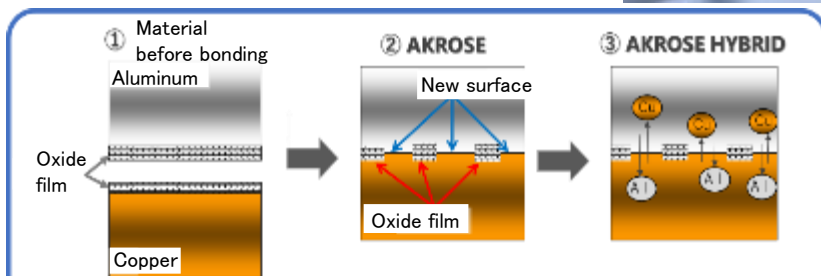
New products for target markets

AKROSE HYBRID

Oct 2020 release

Achieve diffusion bonding, a technology that ensures the bonding of surfaces between dissimilar metals.

Product Example
Plate section aluminum
Shaft Copper



The surface is covered with an oxide film and cannot be diffusion bonded in this state.

New surface is exposed due to localized destruction of oxide film by plastic flow.

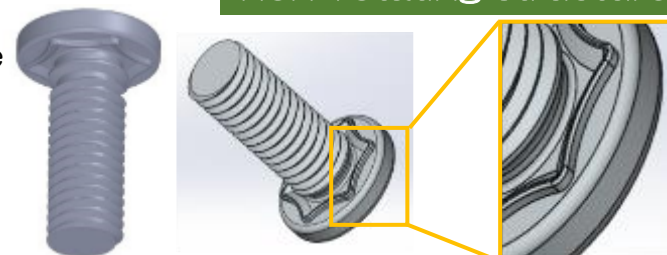
Inter-diffusion of metal atoms occurs where the new surface is exposed.

New clinching stud bolts

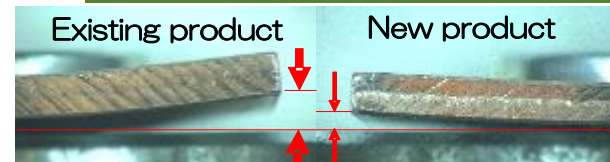
Feb 2021 release

Applicable to thinning of mating steel plate (Bolts can be attached by pressure welding)
★Specializes in thinner plates than existing products

non-rotating structure



Warping in old and new products

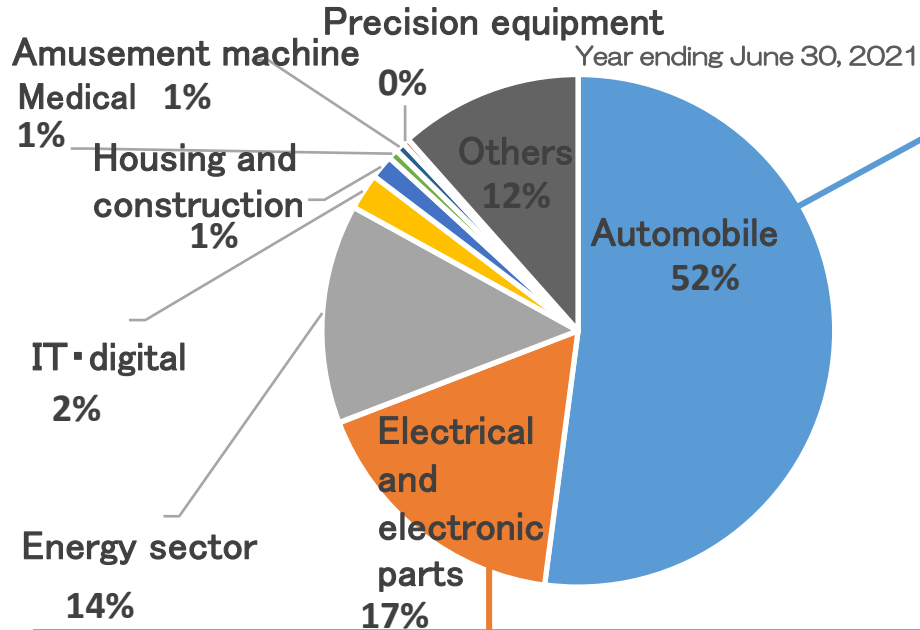


[Sales Composition by Segment] Assembly Machine Business

Sales composition and examples of main products

Integration of automation technologies

Sales composition by customer (consolidated)



Examples of automobile-related equipment

Improved wire-saving at the heart of screw tightening



Model SD600T

EtherNet/IP
EtherCAT

Electrical components

Screw tightening equipment with enhanced IoT function



Remote maintenance is possible

Electrical and interior components

Examples of electrical and electronic equipment

Screw tightening by correcting the tightening position with a camera



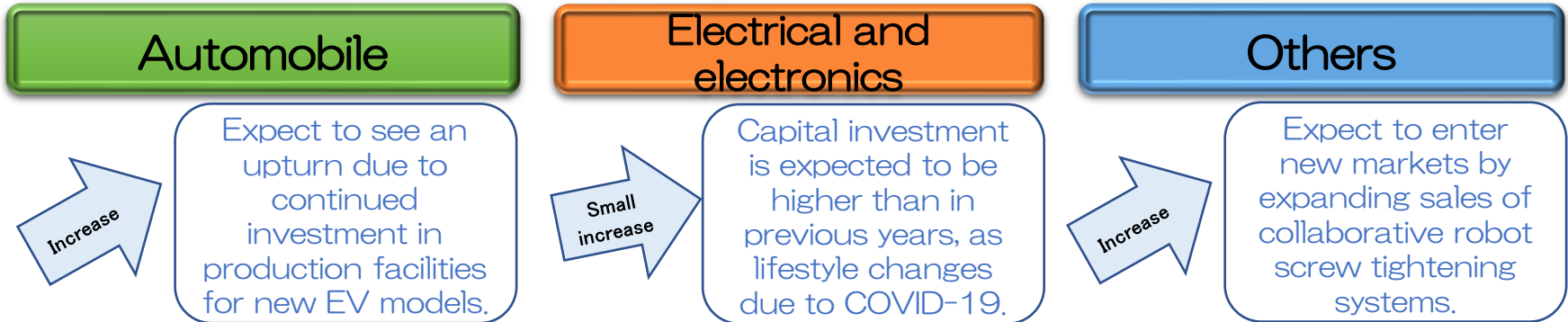
image

Electronic parts

Segment Growth

Introduce new products to the market and improve customer satisfaction.

Outlook for the target industry



Factory expansion and new products for target markets

Expansion of overseas assembly plants **System establishment from 2022**

China's NPS expands screw manufacturing while also preparing to manufacture standard products for the industrial machinery business. Production capacity and sales to increase by 1.5 times



Completion of screw tightening for universal robot **Aug 30th release**

Completed screw tightening equipment dedicated to Universal Robots, where humans and robots coexist. The first Japanese company to do so! Expecting orders from all over the world!

Contribute to the reduction of manpower

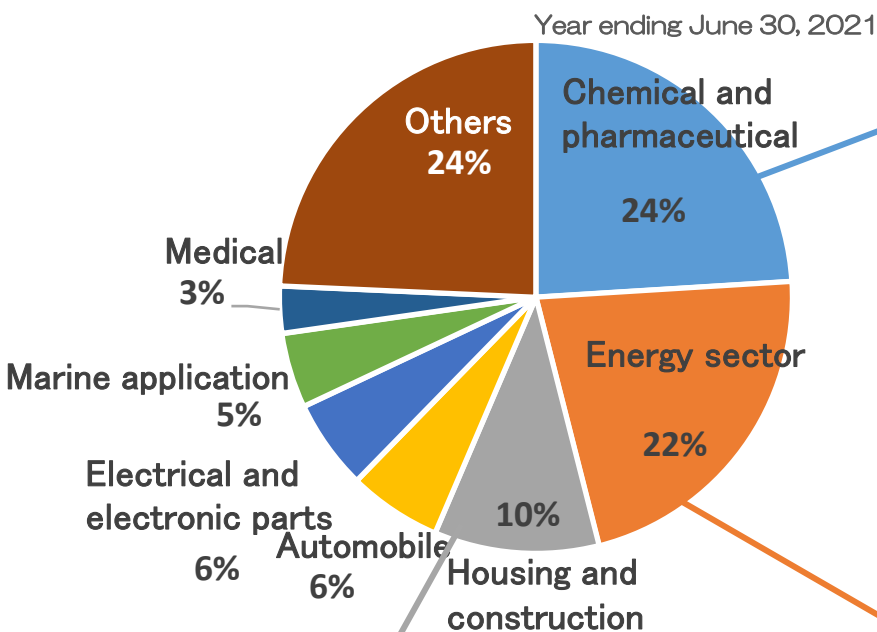


July 15 Press Conference



Sales composition and examples of main products
Sales composition by customer (consolidated)

Making measurement technology an international standard



Examples of chemical and pharmaceutical related equipment

Automatic measurement of elements that affect the environment



Model NSX-5000V

Trace nitrogen, sulfur and other chlorine analysis

Examples of energy-related equipment

Capable of measuring various fluids



Mass Flow Meter

Super Rotary Flowmeter

Liquid measurement

Examples of housing-related equipment

Ideal for geotechnical investigations of houses, etc.



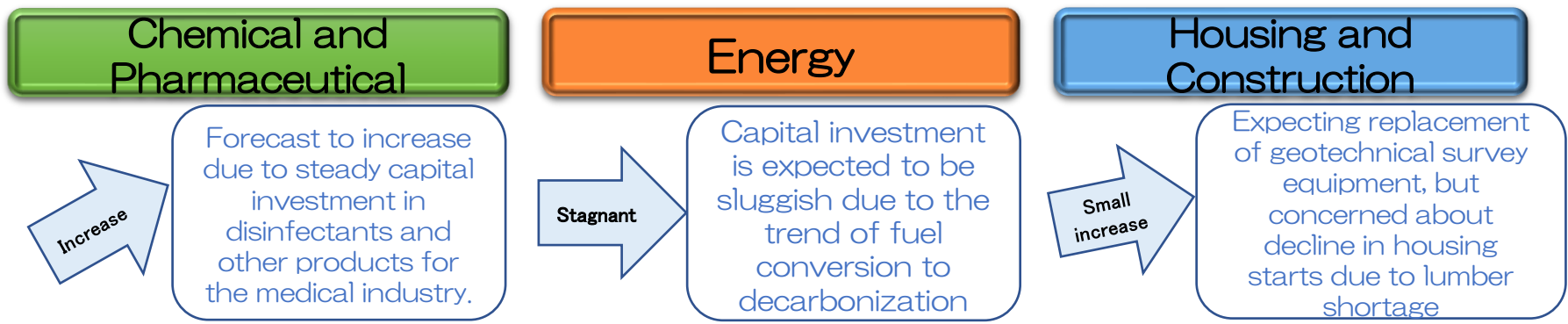
Over 90% share of domestic fully automatic machines

Pre-construction site survey

Segment Growth

Introduce new products to the market and improve customer satisfaction.

Outlook for the target industry



Market expansion and new products for target markets

Expansion of overseas sales routes **April 2020 start**

Sharing of overseas sales agents (over 70 countries) of Nittoseiko Analytech



Geotechnical Survey Equipment Geokarte IV **Nov 2020 release**

Renewal of housing ground investigation machine with No.1 share in Japan



Sales expansion in Thailand, where there is soft ground



5. Other strategies

Other Strategies

[Start working toward sustainability management]

The future vision of sustainability management

We aim to “develop a safe and secure society” by increasing the positive impact on the environment and society, and reducing the negative impact.

Organizational structure and governance system



Publish integrated reports

Objective of the Integrated Report

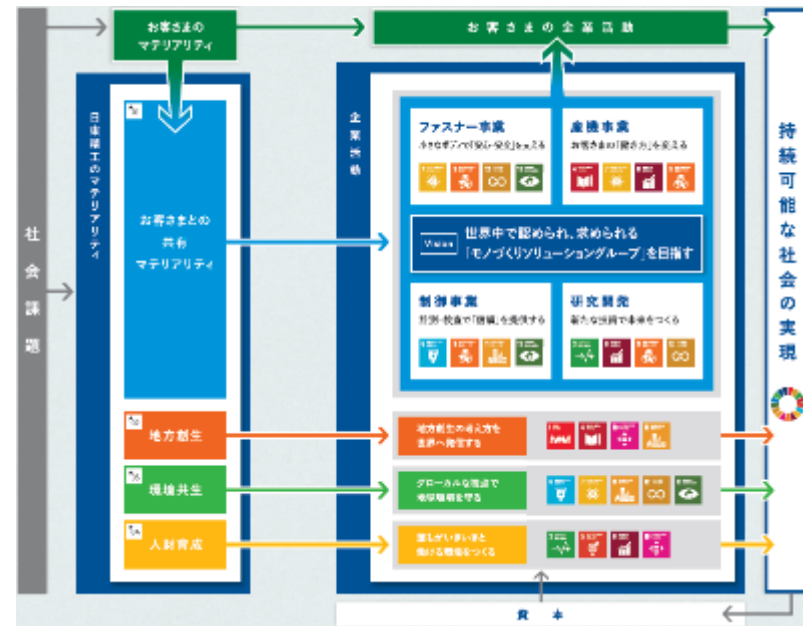
To create the sustainable society that we seek, Nittoseiko Group has been working to provide detailed information on how we view our position, responsibilities and the issues we are addressing.

Contents of the Integrated Report

- Introduction of the value creation model we pursue.
- Approaches to the materiality of each segment.
- The concept of regional development and its communication to the world.
- E Protecting global environment from a “glocal” perspective.
- E Contributing to CO2 reduction through our products.
- S Creating a better society.
- S Communicating the concept of regional development to the world.
- G Corporate Governance



“Solving our customers’ social issues” is our materiality.



Capital Investment, Depreciation, and R&D Expenses **NITTOSEIKO**

Unit: million yen	Year ending Dec 2020	Year ending Dec 2021 Second Quarter	Year ending Dec 2021 (Forecast)
	Amount	Amount	Amount
Capital investment	1,313	496	1,500
Depreciation	1,176	624	1,250
R&D Expenses	630	317	650

Main use of capital investment
(FY2021)

Introduction of the latest production equipment

Improving the efficiency and quality of screw manufacturing parts



Reduced production time and improved quality of screw tools with introduction of 5-axis controlled precision machine.

Preparing to install the latest plating equipment

Quality improvement of plating process



Improved productivity and quality with introduction of plating process

The latest production facilities in operation

Increase the rate of in-house production of parts processing



Improved productivity and quality by installing precision machining equipment with robotic handling

Shareholder Returns

Basic policy on profit distribution:

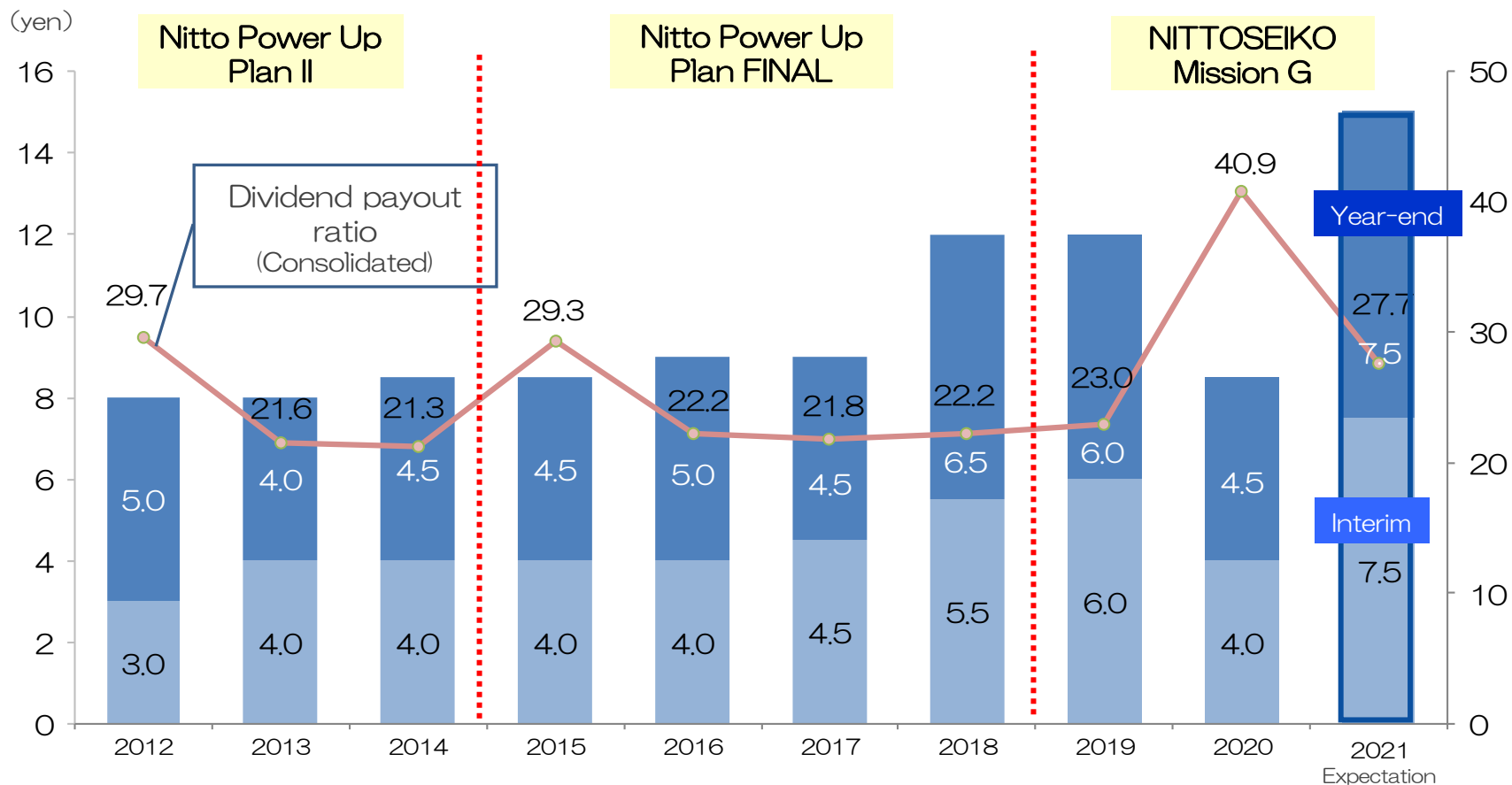
Profit distribution to shareholders

= Continuation of stable dividends that match business performance

Interim dividend: 7.5 yen
Year-end dividend: 7.5 yen



Annual dividend of 15.0 yen



Nittoseiko's Business

- ◆ We are the only manufacturer in the world that provides comprehensive solutions to our customers' manufacturing issues with our “fastening technology” , “assembly technology” , “measurement technology” , and “inspection and analysis technology” .
- ◆ We are aiming for further corporate growth by entering the medical field.
- ◆ Our founding spirit is to contribute to society in the public interest, and we will practice sustainability management to create a sustainable society and company.

Management Approach

- ◆ We aim to be a company that is indispensable to the world.
- ◆ The objective of our management is to pursue well-being that makes everyone happy.
- ◆ We strive to provide 120% satisfaction to our customers' requests.
- ◆ We will ensure a strong financial structure to implement all of the above.

Forecasts of future performance contained in this document are based on information currently available to the Company and certain assumptions that the Company considers reasonable. Actual results may differ from these forecasts due to a variety of factors. Important factors that may affect actual results include, but are not limited to, economic conditions in Japan and overseas surrounding our business domain, demand trends for our products and services, exchange rates, and stock market trends. Factors that may affect our business performance are not limited to the above.