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# Quarterly Report Q2 for the fiscal year ending December 2022



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■ Explained by  
Masami Zaiki, President



1. Quarterly Report Q2 for the fiscal year ending December 2022
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# Highlight of Q2 consolidated result for the fiscal year ending December 2022

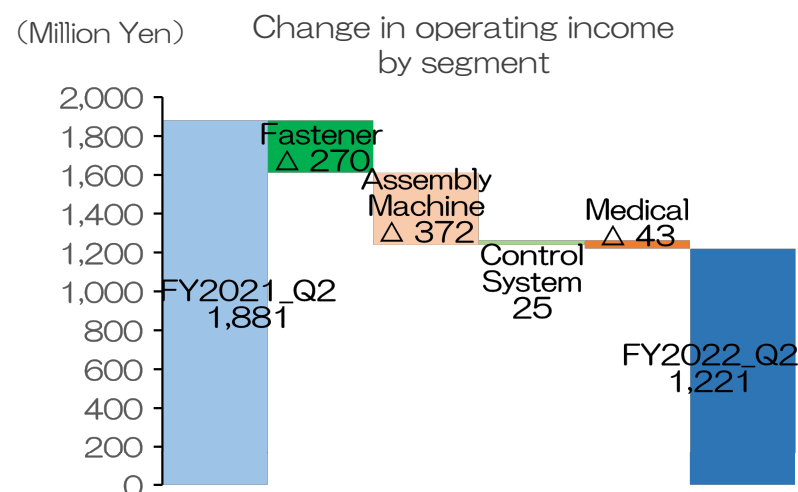
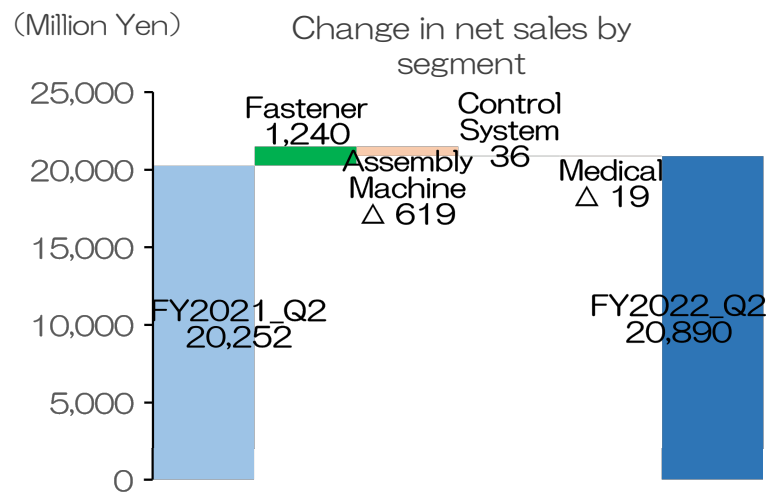


Unit: Million yen / %	Q2 fiscal year 2021		Q2 fiscal year 2022		YoY	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount change	% Change
Net sales	20,252	100.0	<b>20,890</b>	100.0	637	3.1
Gross profit	5,275	26.0	4,953	23.7	△321	△6.1
Selling, general and administrative expenses	3,393	16.8	3,732	17.9	338	10.0
Operating income	1,881	9.3	<b>1,221</b>	5.8	△660	△35.1
Ordinary income	2,010	9.9	<b>1,459</b>	7.0	△550	△27.4
Net income for current period before income taxes	2,131	10.5	1,449	6.9	△682	△32.0
Net income attributed to shareholders of the parent company	1,231	6.1	<b>833</b>	4.0	△398	△32.4
Net income per share (yen)	33.41		22.56			

- Although affected by production adjustments in the main customers in the automobile-related industry, sales increased YoY due to contributions from KM Seiko Co., Ltd. and Pinning Co., Ltd., which became subsidiaries in April this year.
- Profit decreased YoY due to soaring raw material prices and logistics costs, as well as parts shortages.
- Overseas, production recovered mainly in Southeast Asia, despite the impact of lockdowns in China. The weak yen also contributed to higher sales YoY.

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

(Unit: Million yen / %)		Q2 fiscal year 2021	Q2 fiscal year 2022	YoY	
				Amount change	% Change
Fastener	Net sales	13,985	15,226	1,240	8.9
	Operating income	894	624	△270	△30.2
	Profit ratio	6.4	4.1		
Assembly Machine	Net sales	3,690	3,070	△619	△16.8
	Operating income	944	571	△372	△39.5
	Profit ratio	25.6	18.6		
Control System	Net sales	2,552	2,588	36	1.4
	Operating income	47	73	25	54.0
	Profit ratio	1.9	2.9		
Medical	Net sales	23	4	△19	△80.5
	Operating income	△4	△47	△43	—
	Profit ratio	△19.9	△1,038.6		



# Overview of results by segment - Fastener Division

Unit: Mil yen/ %	FY2021 Q2	FY2022 Q2	YOY	
	Amount	Amount	Amount	% Change
Net sales	13,985	15,226	1,240	8.9
Automobile	5,366	5,368	2	0.0
Housing and construction	2,278	3,055	776	34.1
Electrical and electronic parts	2,611	2,775	164	6.3
Household goods	1,198	1,112	△85	△7.2
IT and digital equipment	653	755	101	15.5
Precision equipment	515	552	37	7.2
Medical	143	166	22	16.0
Energy sector	86	70	△16	△18.8
Others	1,135	1,373	238	21.0
Operating Income	894	624	△270	△30.2

- ◆Automobile
  - Demand for EV-related products, such as AKROSE products and gear parts, were strong, but production adjustments due to shortages of semiconductors and other materials had a significant impact, resulting in flat YoY growth.
- ◆Housing and construction
  - Demand for screw products for housing equipment remained strong and increased significantly YoY.
- ◆Electrical and electronic parts
  - Demand for screw products, including home appliances, remained strong.
- ◆Household goods
  - Sales of screw products for game devices remained sluggish due to planned production cutbacks caused by the shortage of semiconductors and other factors.
- ◆IT and digital equipment
  - 5G communication-related developments were active, and demand for related parts grew strongly.

- As a result of the addition of "KM Seiko Co., Ltd." and "Pinning Co., Ltd." to our group in April this year, sales remained steady YoY.
- Overseas, screw products related to IT and information equipment generally performed well.

# Overview of results by segment - Assembly Machine Division



Unit: Mil yen/ %	FY2021 Q2	FY2022 Q2	YOY	
	Amount	Amount	Amount	% Change
Net sales	3,690	3,070	△619	△16.8
Automobile	1,922	1,954	32	1.7
Electrical and electronic parts	630	209	△421	△66.8
Energy sector	511	165	△345	△67.6
IT and digital equipment	85	98	12	15.1
Amusement machine	23	55	32	141.0
Housing and construction	55	47	△8	△15.1
Household goods	12	23	11	95.2
Others	452	519	67	15.0
Operating income	944	571	△372	△39.5

- ◆Automobile
  - Demand remained flat due to many inquiries for manufacturing equipment such as EV and ECU related equipment.
- ◆Electrical and electronic parts
  - Demand for semiconductor equipment has been strong since last year, but demand from major users this quarter was limited due to last year's investments. As a result, the demand declined significantly YoY.
- ◆Energy sector
  - In response to last year's reaction to special demand related to gas meters, the year-on-year decrease was substantial.
- ◆IT and digital equipment
  - Demand remained strong for telecommunication bases and other related products.
- ◆Amusement machine
  - Significant YoY increase due to steady demand for renewal of manufacturing facilities and other factors.

- Sales were down 16.8% YoY due to soaring material prices and difficulty in obtaining materials.
- Overseas, the Company participated in an international trade fair (Germany) for the first time and developed measures to expand sales and expects growth in the future.

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

Unit: Mil yen/ %	FY2021 Q2	FY2022 Q2	YOY	
	Amount	Amount	Amount	% Change
Net sales	2,552	2,588	36	1.4
Chemical and pharmaceuticals	613	592	Δ20	Δ3.3
Energy sector	562	443	Δ119	Δ21.2
Housing and construction	265	288	23	8.8
Automobile	150	190	39	26.1
Electrical and electronic parts	145	151	5	3.7
Ship building	121	138	17	14.2
Food	52	58	6	12.5
Others	644	728	83	13.0
Operating income	47	73	25	54.0

- ◆Chemical and pharmaceuticals
  - Demand for analyzers, such as element meters and moisture meters, remained flat.
- ◆Energy sector
  - Despite inquiries for the new “NSX5000V series” and for export, sales remained sluggish at -21.2% YoY.
- ◆Housing and construction
  - Demand for “GEOKARTE” remains strong.
- ◆Automobile
  - Demand for “MISTOL” , “KizMIL” , and other products is also strong and steady.
- ◆Ship building
  - Mass flowmeter sales are steady due to the fuel shift associated with going carbon neutral.

• Although sales of analyzers and other products in the energy sector lacked growth, flow meters, ground survey equipment, and other products in other fields contributed to sales growth. As a result, sales remained flat YoY.



Unit: Mil yen/ %	FY2021 Q2	FY2022 Q2	YOY	
	Amount	Amount	Amount	% Change
Net sales	23	4	△19	△80.5
Medical	23	4	△19	△80.5
Others	—	—	—	—
Operating income	△4	△47	△43	—

## ◆Medical

- For “High-purity, bio-soluble magnesium for medical use”, efforts are underway for early commercialization, including building a system based on ministerial ordinances, etc., for clinical trials and a manufacturing framework.

# Q2 consolidated balance sheets for the fiscal year ending December 2022

Unit : Millions of yen/%	Q2 fiscal year 2021		Q2 fiscal year 2022		YoY	
	Yen	Share (%)	Yen	Share (%)	Amount	%
<b>Assets</b>						
Total current assets	32,646	64.1	33,368	63.1	722	2.2
Cash and deposits	11,415	22.4	9,612	18.2	△1,802	△15.8
Notes and accounts receivable - trade Electronically recorded monetary claims - operating	12,084	23.7	12,813	24.2	729	6.0
inventory	7,926	15.6	9,921	18.8	1,995	25.2
Total non-current assets	18,277	35.9	19,486	36.9	1,208	6.6
Non-current assets	13,092	25.7	14,212	26.9	1,120	8.6
Intangible assets	1,281	2.5	1,194	2.3	△86	△6.8
Investments and other assets	3,904	7.7	4,078	7.7	174	4.5
<b>Total assets</b>	<b>50,924</b>	<b>100.0</b>	<b>52,854</b>	<b>100.0</b>	<b>1,930</b>	<b>3.8</b>
<b>Liabilities</b>						
Total current liabilities	13,675	26.9	14,303	27.1	628	4.6
Notes and accounts payable - trade Electronically recorded obligations - operating	8,069	15.8	8,761	16.6	691	8.6
Short-term borrowings	2,610	5.1	2,597	4.9	△13	△0.5
Total non-current liabilities	4,546	8.9	4,461	8.4	△84	△1.9
<b>Total liabilities</b>	<b>18,221</b>	<b>35.8</b>	<b>18,765</b>	<b>35.5</b>	<b>543</b>	<b>3.0</b>
<b>Net assets</b>						
Share capital	3,522	6.9	3,522	6.7	-	-
Capital surplus Retained earnings	26,993	53.0	27,510	52.1	517	1.9
Treasury shares	△1,254	△2.5	△1,245	△2.4	9	0.7
<b>Total net assets</b>	<b>32,702</b>	<b>64.2</b>	<b>34,089</b>	<b>64.5</b>	<b>1,387</b>	<b>4.2</b>

# Consolidated of cash flows for the fiscal year ending December 2022

Unit : Millions of yen	Q2 fiscal year 2021	Q2 fiscal year 2022		
	Yen	Yen	Amount	%
Cash flows from operating activities ※①	1,893	300	△1,593	△84.1
Cash flows from investing activities※②	△337	△1,517	△1,179	—
(FCF) ※①+②	1,555	△1,217	△2,773	—
Cash flows from financing activities	△164	△661	△496	—
Net increase (decrease) in cash and cash equivalents	1,508	△1,659	△3,167	—
Cash and cash equivalents at beginning of period	8,299	10,435	2,136	25.7
Cash and cash equivalents at end of period	9,808	8,776	△1,031	△10.5

## 2. Sales estimate for the fiscal year ending December 2022

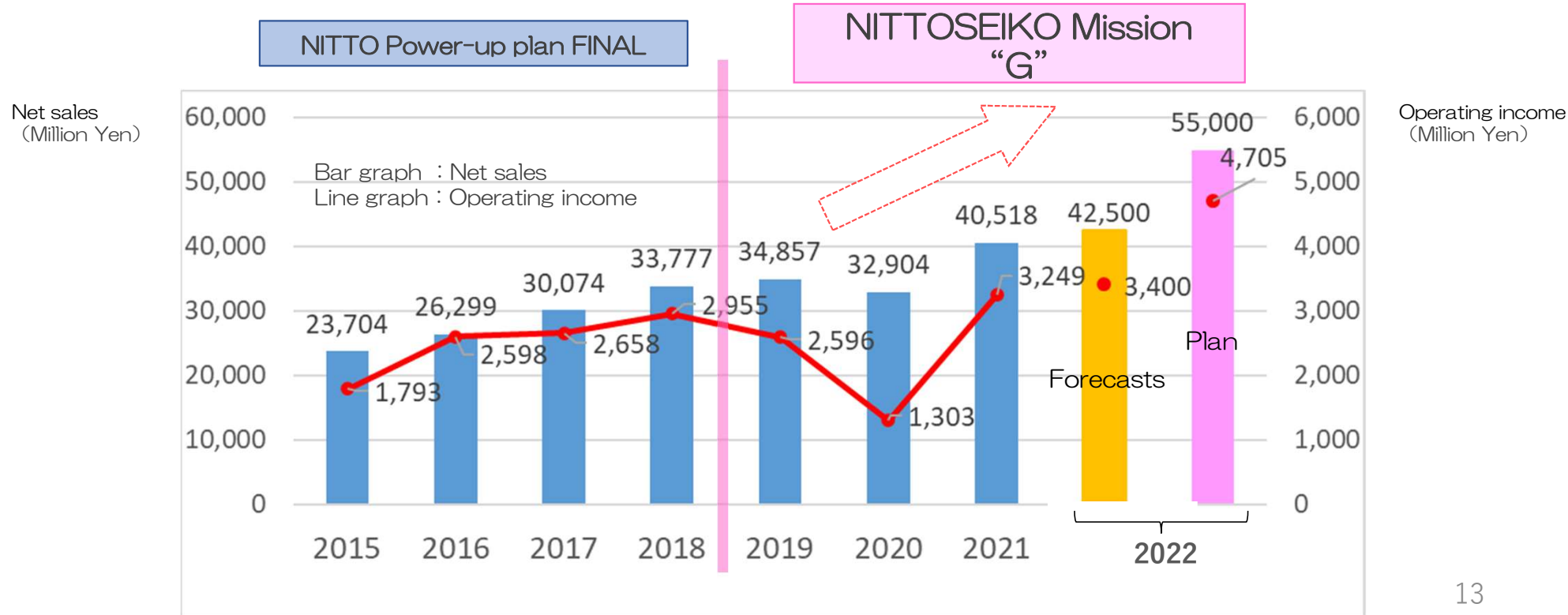
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The future projections in this document, including earnings forecasts, are based on information currently available to the company and certain assumptions that the company considers reasonable and actual results may differ from these forecasts due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

Responding to customer and market needs to a higher degree through the collective strength of the Group

## Final year (Fiscal year 2022) target value (Consolidated)

Net sales	55,000 Million Yen	
Operating profit	4,705 Million Yen	(8.6% and above)
Ordinary profit	4,941 Million Yen	(9.0% and above)
Net income	2,896 Million Yen	(5.3% and above)
ROE	8.8% and above	
New product sales ratio	30.0% and above	



# Sales estimate for the fiscal year ending December 2022



Unit : Millions of yen/%	Fiscal year 2021		Fiscal year 2022		YoY	
	Yen	Share (%)	Yen	Share (%)	Amount	%
Net sales	40,518	100.0	42,500	100.0	1,981	4.9
Operating profit	3,249	8.0	3,400	8.0	150	4.6
Ordinary profit	3,487	8.6	3,500	8.2	12	0.3
Profit attributable to owners of parent	2,200	5.4	2,200	5.2	0	0.0
Earnings per share	59.63		59.54			

- Although the shortage of semiconductors and the impact of the re-expansion of the infection of the new coronavirus remain, sales are expected to increase due to a recovery in demand, especially in the automotive-related industry (EVs and ECUs). In addition, KM Seiko Co., Ltd., which became a subsidiary in April, contributes to sales expansion in the fastener business.
- Demand for screw products, which reduce weight and improve resource efficiency, is expected to remain strong.
- In the screw fastening machine-related business, sales are expected to increase in the second half of the year on the back of strong demand from equipment related to CASE in the automotive industry and from the housing industry.
- Flowmeter-related products are expected to be strong due to the recovery of demand in the shipbuilding industry, and inspection machine-related products are expected to be strong due to the need for labor saving and automation.
- In the medical business, we will strive to strengthen cooperation with sales companies and develop new products with a focus on the needs of the medical field and the market.
- Expectations are high regarding the effectiveness of the follow-up after the international trade fair in May to develop new customers in Europe.

unit : Million Yen	Year ending 2021	Year ending 2022	Year ending 2022 (Forecast)
	Amount	Amount	Amount
capital investment	1,171	459	1,300
Depreciation	1,294	692	1,350
R&D expenses	715	379	730

## Main use of capital investment (2022)

### Quality and productivity improvement ①

Upgrade of plating equipment to improve quality and enhance productivity



Renewal of in-house plating equipment to improve plating quality and enhance production of screw products

### Quality and productivity improvement ②

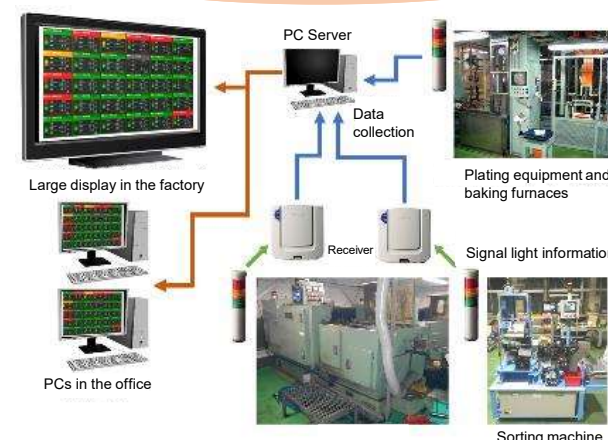
New S-pin outer diameter sorting machine



Introduction of new manufacturing and inspection equipment for special screws and other products, and improvement of quality and productivity through facility upgrades. S-pin: Product used in automobiles, of which our company is the main manufacturer.

### Introduction of Smart Factory

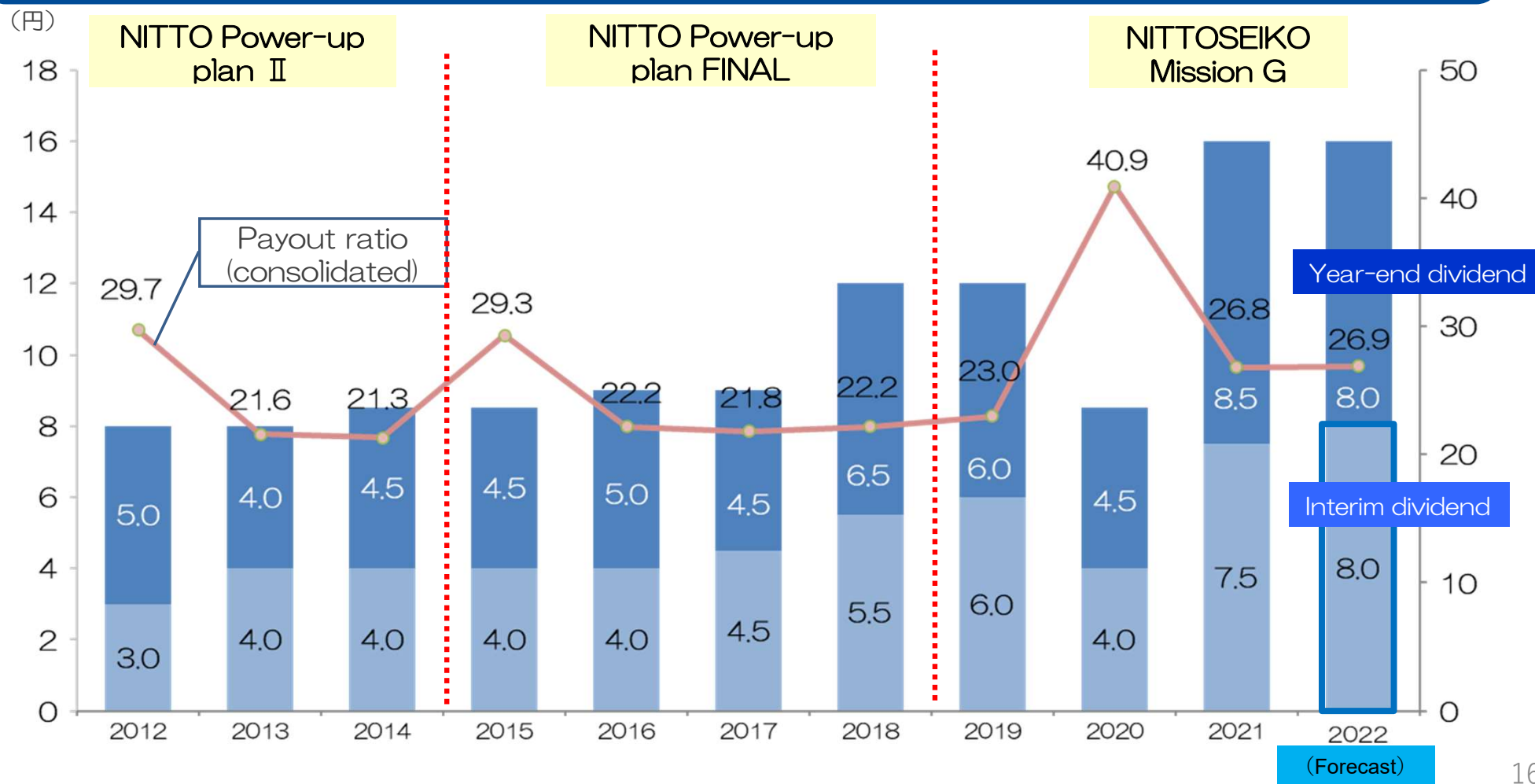
Strengthen monitoring of operating conditions of production facilities



Strengthen monitoring of production status and data recording to visualize the status of the manufacturing site

- Basic policy on profit distribution :  
Returning profits to shareholders=Continue to provide stable dividends appropriate to business performance

Interim dividend : 8.0 yen } Annual dividend of 16.0 yen  
 Year-end dividend : 8.0 yen





# 3. Promoting Sustainability Management

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## Engagement

### Nicotto7 (Health Management)

Nicotto7 is a unique in-house initiative that sets seven items, including measures against lifestyle-related diseases, mental health, and improvement of work-life balance. We are currently developing a vibrant workplace with the participation of all employees.



## Certifications and Awards

### Health Management Brand 2022 & NADESHIKO Brand2022 W certification ! !

- Certified in Mar 2022 (NITTOSEIKO CO., LTD.)  
Only nine companies in the nation were chosen for the double selection.



### Excellent Health Management Corporation2022

- Certified in Mar 2022  
(NITTOSEIKO CO., LTD. NITTO KOSHIN CO., LTD. NITTOSEIKO SWIMMY CO., LTD.)



### Sports Yell Company 2022

- Certified in Jan 2022  
(NITTOSEIKO CO., LTD. NITTO KOSHIN CO., LTD.)



## Regional Development

### Naming Rights

- ① Ayabe-NITTOSEIKO Arena (Martial arts stadiums and stadiums) August 2019~
- ② Ayabe-NITTOSEIKO Stadium (baseball stadium) Jan 2022~

### Model Forests

In June 2022, bamboo grass and underbrush were removed to protect forests in the Kanbayashi area of Ayabe City. We will continue our activities as a member of the local community that benefits from these forests.

## 4. Global Expansion

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~Sales expansion in the European market~

# Debut at an international exhibition

[Sales expansion strategy in Europe]

## HANNOVER MESSE 2022



Period: May 30<sup>th</sup> ~ June 2<sup>nd</sup> 2022

No. of exhibitors: Approx. 2,000 companies

No. of participants: Approx. 75,000 people

Place of exhibit: Hall for Automobile & Robotics

\*8 companies exhibited from Japan (including NITTOSEIKO)

Promoted anti-contamination products that are in great demand, especially for EVs, precision equipment, and other circuit board-related products.



Screw tightening robot with anti-contamination unit



Contamination prevention screw CP Grip

### 【Future Developments】

We will expand sales channels and build a sales network in Europe for screws, screw tightening machines, and analyzers.

Currently promoting to users, including 6 automotive-related companies we were able to contact at the exhibition.

## 5. Efforts by Segment

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~Fastener Business Initiatives~

## K.M. Seiko and Pinning became subsidiaries



### K.M. Seiko FY2021 Results

Gross sales: 3,292 million yen

Operating profit : 415 million yen

Ordinary income : 423 million yen

Current net income : 284 million yen

### Pinning FY2021 Results

Gross sales : 616 million yen

Operating profit : 30 million yen

Ordinary income : 30 million yen

Current net income : 21 million yen

## Expansion of product lineup and strengthening fastening solutions

Expanding lineup of screws for the construction industry

Small

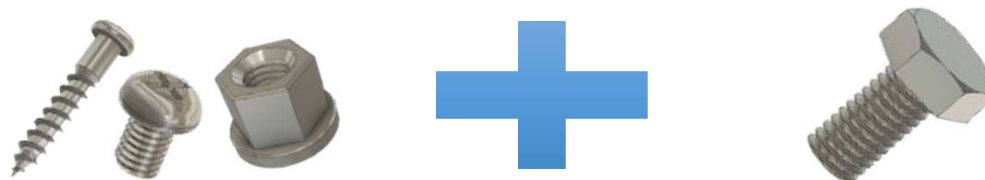
K.M. Seiko

Screw size

Big

Kyoei Manufacturing

## Strengthening fastening solutions



Cooperation in technology, production, and sales

Technology Know-how Sharing

Sharing of production facilities

Leveraging the sales network

Anti-contamination measures (foundation fastening)

Also a hot product in HANNOVER MESSE2022

High expectations for the possibility of European expansion

## Screw chip adhesive type screw **CP-GRIP**



Recently, electronic boards in automotive ECUs and electronic devices have become more and more precise, and the powder generated by tightening screws around them causes short circuits.

CP Grip is a screw with a microcapsule filled with oil-based mucilage applied to its tip. When the microcapsule is broken by fastening, the mucilage oozes out and adheres to the powder from the female thread and friction, preventing the powder from scattering and falling off.

It also reduces friction between the screw and the mating material during formation of the female thread and improves screw-in performance.

‘Lightweight’  
‘Reduced  
environmental  
impact’  
‘New lifestyles’

## Target Industry Outlook

### Automobile

- Expect strong performance due to recovery from the decline in production volume caused by the shortage of semiconductors and increased investment in EV development.
- Intend to increase orders for original tapping screws and new clinching stud bolts, which can reduce assembly work costs and environmental impact for automobile manufacturers.
- Inventories are expected to be cleared from September, and recovery is anticipated. In addition, demand is projected to recover as prices are transferred to market products.

### Outlook



### Housing and construction

- Screw products for housing equipment are expected to remain strong.



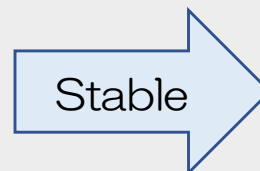
### Electrical and electronics

- Higher profit margins are expected with increased orders for high-volume products through commoditization overseas, and increased orders for value-added products used in high-end home appliances in Japan.



### Household goods

- Although there is a slowdown in stay-at-home demand in the game machine market, we forecast continued strong sales for bicycles/fishing equipment/clocks and other products that are seeing increased demand due to lifestyle changes.





## 5. Efforts by Segment

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~Assembly Machine Business Initiatives~

# Joint development with robot makers

*Everyday easy usage for even new needs*

## Benefit ①

No need for a control unit, programming, or adjustment work to mediate between the screw fastener and the robot, previously required. Can be used as a screw tightening robot immediately after installation.

## Benefit ②

Robot-controlled screw tightening tailored to tightening conditions (screw-in length, no. of revolutions, etc.). Achieve more ideal screw tightening.



*Vertically Articulated Screw Tightening Robot*

## Benefit ③

Data management is also integrated control, eliminating the need for intermediary control devices and programming. It facilitates data collection tied to a single screw-tightening operation.

A collaborative product that combines the vertical articulated robot of Yaskawa Electric Co., Ltd and our screw tightening unit. The robot controller controls and sets the robot that performs positioning and the driver that performs screw tightening.

# Screw tightening tools for cooperative robots

*Everyday easy usage for even new needs*

Launched for sale on August 30<sup>th</sup> last year

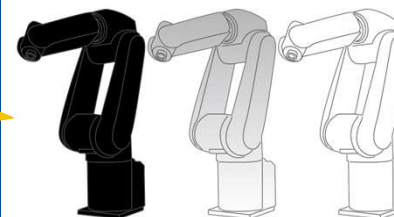


**UNIVERSAL ROBOTS**

Released on August 23<sup>rd</sup> this year



**FANUC**



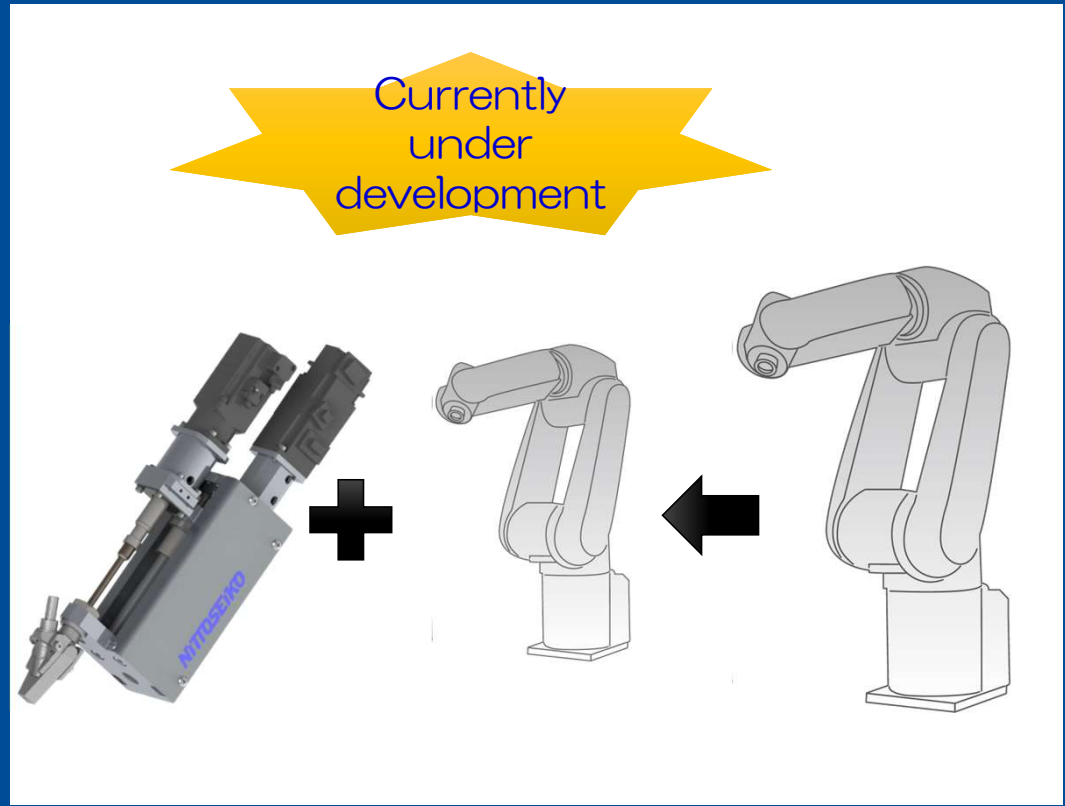
Under development with other robot makers

## Collaborative Robots

Does not require safety measures, and operation is simple. To meet the rapidly growing demand for cooperative robots as a new option for automation, we have developed a dedicated screw tightening unit that can be mounted on cooperative robots of various robot makers. The unit offers convenience by allowing various operation settings and data management to be performed within the robot's teaching pendant.

## Lightweight screw tightening unit

- 30% weight reduction vs. conventional models
- Power savings for robots equipped with this unit
- ⇒ Annual Co2 reduction of 0.35t
- Thrust control function
- Tightening torque and screwing speed can be set individually.
- Enables optimal screw tightening settings according to work features.

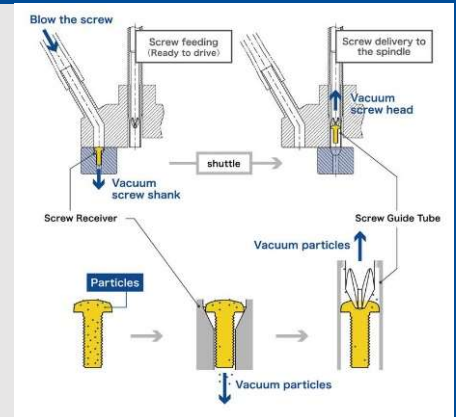


## Prevention of contamination (Electronic parts)

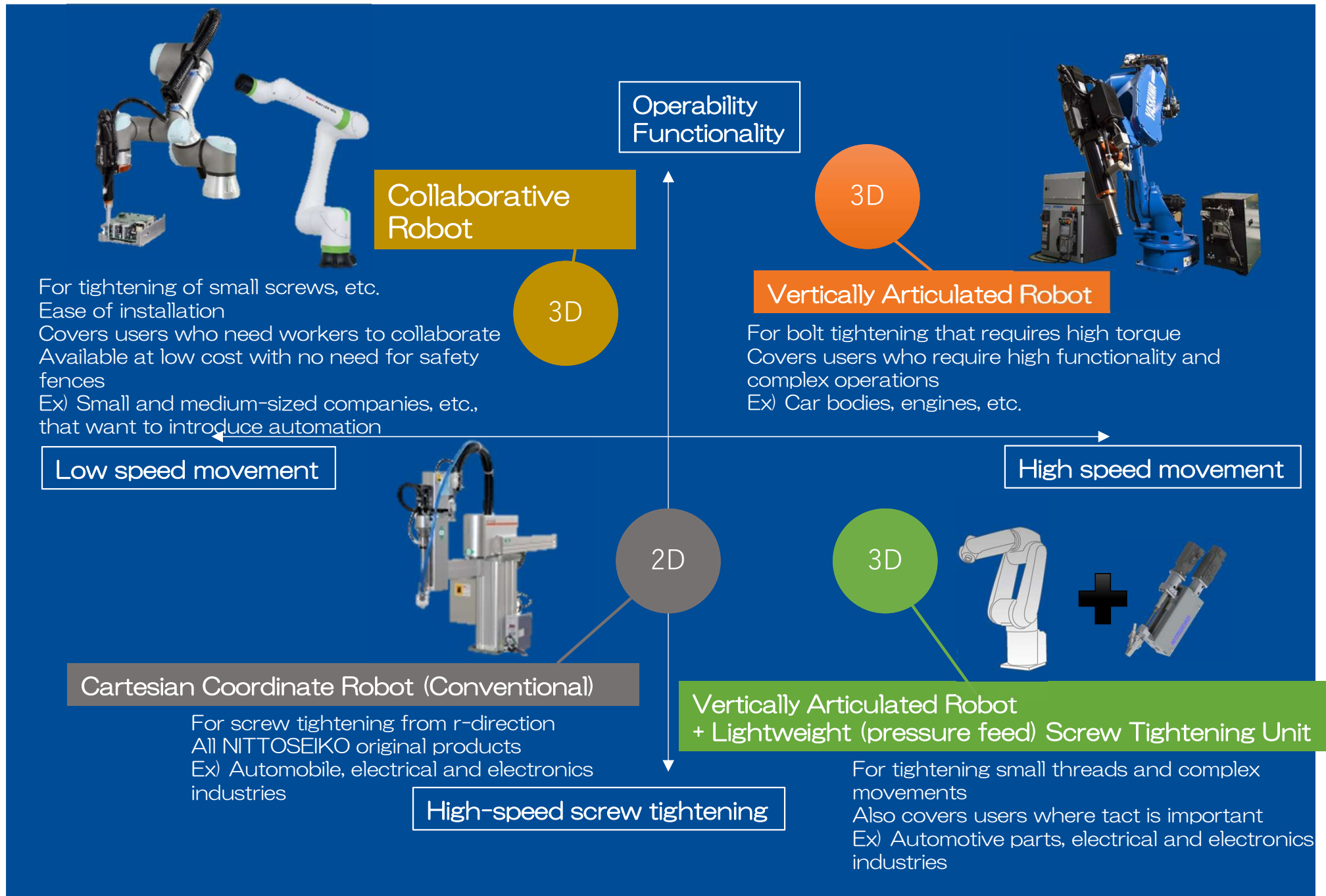
Anti-contamination product (e.g. metal powder)

### Anti-Contamination Screw Tightening Machine

Air suction is used to remove metal powder, etc. adhering to screws and other parts just before fastening. Screws can be supplied by air pressure feed, which significantly reduces time compared to the take-out method in which screws are taken out by moving them to a predetermined position.



# Assembly Machine Business[target area]



‘Human collaboration’  
‘Energy Transition’  
‘Labor Shortage’  
‘ICT’

## Target Industry Outlook

### Automobile

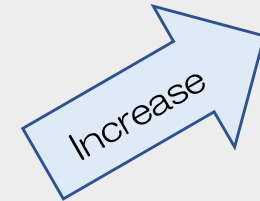
- Continued capital investment in production facilities for new model vehicles and new energy vehicles is expected.
- Capital investment, which had been postponed or suspended, is expected to resume, and we are focusing on business negotiations and PR activities both domestically and overseas.

### Outlook



### Electrical and electronic parts

- Expect to receive orders for thriving semiconductor-related facilities.



### Energy sector

- Expect investments in facilities for storage batteries.



### IT and digital equipment

- Expect 5G and other telecommunication base station related developments.



## 5. Efforts by Segment

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~Control System Business Initiatives~

## Targeting new hairdressing and beauty industry

Development of shower system for hairdressing salons

Utilizing our microbubble generation technology. Collaboration with universities and companies.



## Reduce environmental impact (Prevent environmental pollution)

Analyzer with automatic in-syringe dilution system **NSX-5000V Series**

Improved work efficiency and low running cost. Sample temperature control system enables proper collection and introduction of volatile liquid samples. Deployment in R&D and QC departments of petroleum refining, petrochemical, chemical industry, etc. ◦



Micro bubble cleaning device **BUB LIMO**

Uses microbubbles generated in water. No organic solvents are used, resulting in environmentally friendly cleaning.





‘Environment’  
‘High precision  
measurement’  
‘Safety’

## Target Industry Outlook

### Chemical, Medical

- Demand for analyzers, moisture meters, and other analytical instruments is expected to continue to increase both domestically and overseas. Expect demand expansion against the backdrop of environmental issues and other factors.

### Outlook

Slight increase

### Energy

- A switch to new fuels is anticipated in line with carbon neutrality. Expect increased orders for flow meters and other products as a result of the switch to gas fuels.

Increase

### Housing and construction

- Expect replacement demand for the new ground survey equipment ‘GeoCarte IV’ in detached houses. We shipped ground survey equipment overseas, and there are signs of order wins.

Increase

### Automobile

- Demand for inspection equipment from automobile parts manufacturers is expected to be strong in anticipation of an end to the worker shortage.

Slight increase

## 5. Efforts by Segment

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~Medical Business Initiatives~

## Business alliance with TRANS GENIC



### Business Alliance Details

#### Medical Field Information Sharing

- Expand business areas by leveraging the assets of both companies in the medical field
- Professional development through mutual personnel exchange

Material & Product Development



Medical Trial

We aim to expand new business in the medical field by leveraging the strengths of both companies by strengthening collaboration between the development of products and materials of our Medical Business Division and the drug discovery support platform of the TRANS GENIC Group.

## Strengths of the TRANS GENIC Group

### Basic Research

- Creation and development of genetically engineered mice
- Contract analysis and synthesis of glycan chain
- High affinity antibody production and development

### Non-clinical Study

- Safety, genotoxicity, and ecotoxicity studies in small to large animals
- Pharmaceutical and efficacy testing on small to large animals

### Clinical Study

- Equivalence studies and food clinical trials for generic drug development
- Clinical trial administration and hospital support services
- PMDA application support

World's first!  
Medical bio-soluble  
high purity magnesium



Fracture treatment implants



Feature

- High purity magnesium of 99.95% +, non-toxic and extremely safe.
- Starts dissolving after a certain period of time in vivo, then slowly dissolves completely over a longer period.

State of progress

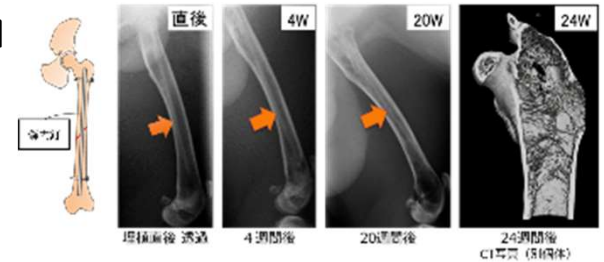


## Status of Development

- Started a non-clinical study with rabbits at a university hospital.

## Preparing for clinical trials

- Preparation for biological safety testing
- Animal testing
- Procedures for testing



## Preparing for mass production

- Capital investment for mass production
- Confirmation of quality and performance stability

# 6. Management Approach

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# Management Approach

1

We strive for 120% satisfaction in response to customer requests.

2

The purpose of management is the pursuit of wellbeing, where everyone is happy.

3

We aim to realize a sustainable society and company, based on our founding spirit of contributing to society in the public interest.

4

We will ensure a strong financial position to carry out all of these activities.

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.