

(Issue code: Tokyo Stock Exchange
Prime 5957)

Quarterly Report Q2 for the fiscal year ending December 2023

NITTOSEIKO

Taking new steps forward together



Selected as a corporation with excellent health management for the third consecutive year in March 2023.

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

1. Quarterly Report Q2 for the fiscal year ending December 2023
2. Initiatives and reports based on the medium-term management plan
3. Sales estimate for the fiscal year ending December 2023
4. Management Approach



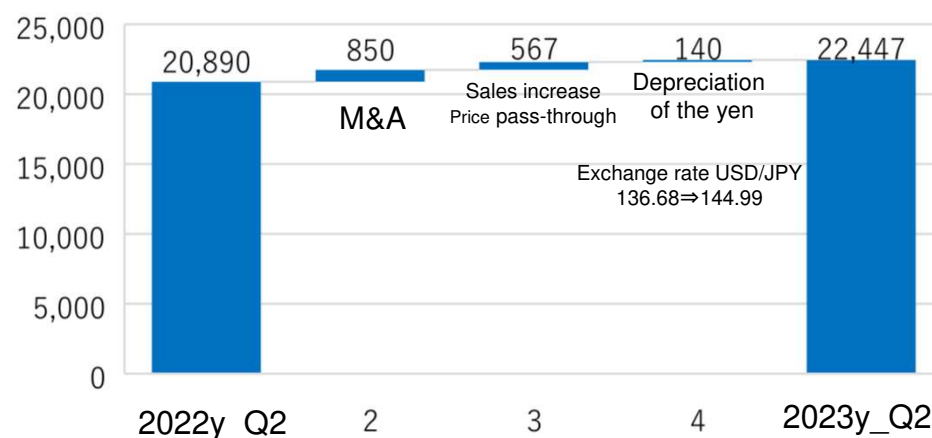
■ Explained by
Makoto Araga, President

1. Quarterly Report Q2 for the fiscal year ending December 2023

Highlight of Q2 consolidated result for the fiscal year ending December 2023

Unit: Million yen / %	Q2 fiscal year 2022		Q2 fiscal year 2023		YoY	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount change	% Change
Net sales	20,890	100.0	22,447	100.0	1,557	7.5
Gross profit	4,764	22.8	5,117	22.8	353	7.4
Selling, general and administrative expenses	3,732	17.9	3,818	17.0	86	2.3
Operating income	1,032	4.9	1,298	5.8	266	25.9
Ordinary income	1,270	6.1	1,476	6.6	205	16.2
Net income for current period before income taxes	1,612	7.7	1,494	6.7	△117	△7.3
Net income attributed to shareholders of the parent company	996	4.8	833	3.7	△162	△16.3
Net income per share (yen)	26.97		22.57			

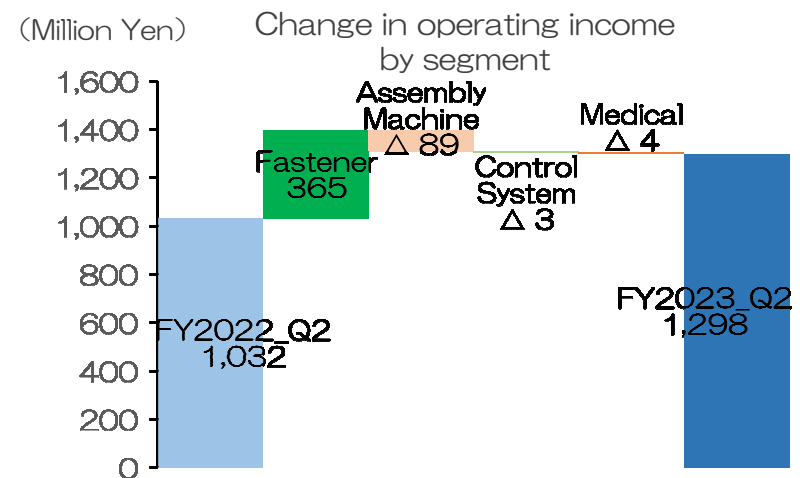
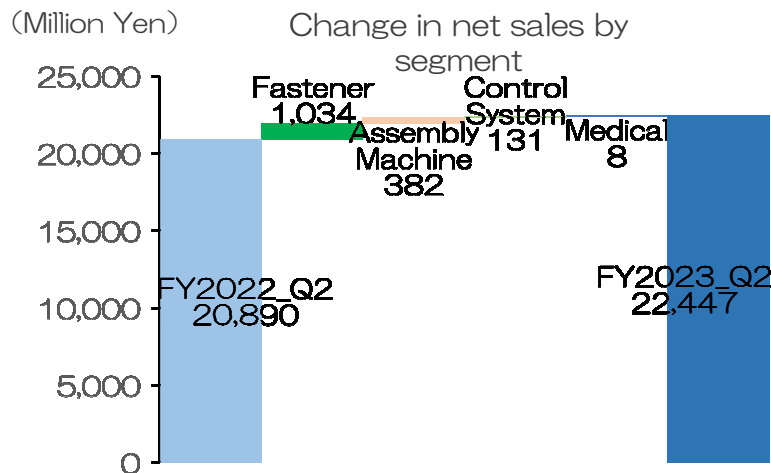
Factors behind increase in revenues



● Profit increased due to sales price revisions, yen depreciation, improved in-house production efficiency, cost reductions and other expense reductions, despite higher parts prices from surging resource and raw material prices, etc.

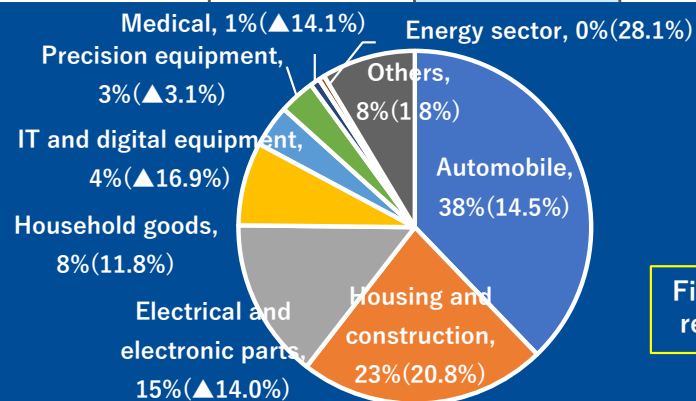
Net Sales and Operating Income by Segment (Consolidated) **NITTOSEIKO**

(Unit: Million yen / %)		Q2 fiscal year 2022	Q2 fiscal year 2023	YoY	
				Amount change	% Change
Fastener	Net sales	15,226	16,260	1,034	6.8
	Operating income	434	800	365	84.0
	Profit ratio	2.9	4.9		
Assembly Machine	Net sales	3,070	3,453	382	12.5
	Operating income	571	481	△89	△15.7
	Profit ratio	18.6	13.9		
Control System	Net sales	2,588	2,720	131	5.1
	Operating income	73	69	△3	△5.4
	Profit ratio	2.9	2.6		
Medical	Net sales	4	13	8	182.9
	Operating income	△47	△52	△4	—
	Profit ratio	—	—		



Overview of results by segment - Fastener Division

Unit: Mil yen/ %	FY2022 Q2	FY2023 Q2	YOY	
	Amount	Amount	Amount	% Change
Net sales	15,226	16,260	1,034	6.8
Automobile	5,368	6,147	778	14.5
Housing and construction	3,055	3,691	636	20.8
Electrical and electronic parts	2,775	2,387	△388	△14.0
Household goods	1,112	1,243	131	11.8
IT and digital equipment	755	627	△127	△16.9
Precision equipment	552	535	△17	△3.1
Medical	166	142	△23	△14.1
Energy sector	70	90	19	28.1
Others	1,373	1,398	25	1.8
Operating Income	434	800	365	84.0

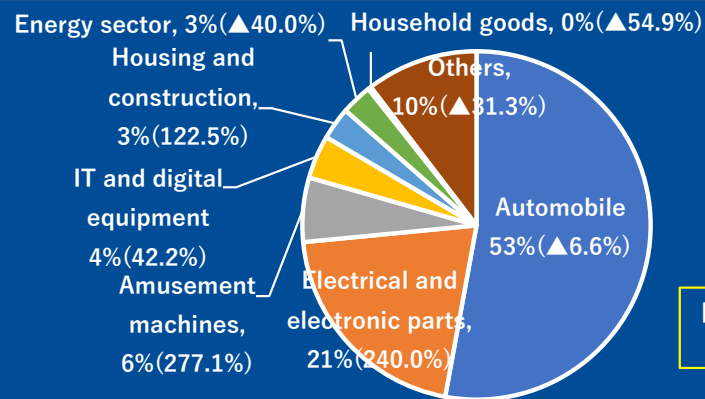


Figures in parentheses represent YoY change

- ◆ Automobile
 - Despite production adjustments by customers due to material shortages, demand remained strong for "GIZATITE," "ALUMITITE," "CP GRIP," "washer-embedded screws," and "precision pressed products" for EVs, ECUs, batteries, sensors, and electrification (secondary batteries & motors), as well as the new "JOISTUD" series that contribute to lighter and thinner vehicles.
- ◆ Housing and construction
 - Demand for fastening parts for construction, such as "drill screws" and "nuts," remained strong. In addition, future growth is expected with the launch of the new product "SHARECROSS".
- ◆ Electrical and electronic parts
 - Demand remained sluggish due to the significant impact of material shortages.
- ◆ Household goods
 - Despite a slowdown in domestic stay-at-home demand from the Corona disaster, sales remained strong due to increased overseas sales (China and Taiwan).
- ◆ IT and digital equipment
 - Sales were weak, including overseas, as a result of the rebound from the strong performance of the 5G telecommunications business in the previous fiscal year.

Unit: Mil yen/ %	FY2022 Q2	FY2023 Q2	YOY	
	Amount	Amount	Amount	% Change
Net sales	3,070	3,453	382	12.5
Automobile	1,954	1,826	△128	△6.6
Electrical and electronic parts	209	711	502	240.0
Amusement machine	55	206	151	277.1
IT and digital equipment	98	139	41	42.2
Housing and construction	47	104	57	122.5
Energy sector	165	99	△66	△40.0
Household goods	23	10	△12	△54.9
Others	519	358	△162	△31.3
Operating income	571	481	△89	△15.7

- ◆Automobile
 - Although there were many inquiries for CASE/EV-related equipment, equipment modifications to incorporate new vehicle models, and automation equipment to alleviate labor shortages, demand for screw fastening equipment remained sluggish due to a decline in capital investment as a result of soaring raw material prices.
- ◆Electrical and electronic parts
 - Significant YoY increase due to acquisition of a large project for substrate plating equipment, and other factors.
- ◆Amusement machine
 - Sales increased significantly due to large orders for “assembly lines” and “screw robots” for the production of new models.
- ◆IT and digital equipment
 - Strong sales due to special demand related to smartphones.
- ◆Housing and construction
 - Demand for labor-saving equipment remained strong.
- ◆Energy sector
 - Demand for gas meter-related equipment remained sluggish.

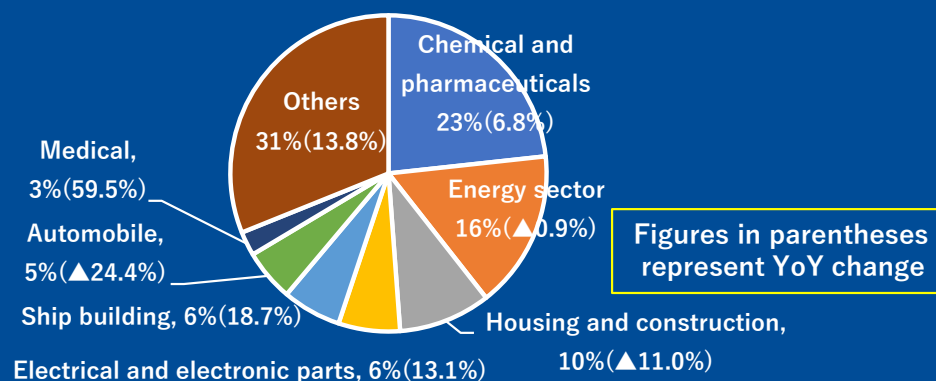


Figures in parentheses represent YoY change

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

Unit: Mil yen/ %	FY2022 Q2	FY2023 Q2	YOY	
	Amount	Amount	Amount	% Change
Net sales	2,588	2,720	131	5.1
Chemical and pharmaceuticals	592	633	40	6.8
Energy sector	443	439	△4	△0.9
Housing and construction	288	256	△31	△11.0
Electrical and electronic parts	151	171	19	13.1
Ship building	138	164	25	18.7
Automobile	190	144	△46	△24.4
Medical	42	67	25	59.5
Others	744	846	102	13.8
Operating income	73	69	△3	△5.4

- ◆Chemical and pharmaceuticals
 - In addition to analyzers, demand for various flowmeters and other equipment remained strong.
- ◆Energy sector
 - Demand for analyzers remained flat.
- ◆Housing and construction
 - Sales of the geotechnical survey machine “GEOKARTE IV” remained sluggish due to a lack of growth in the number of detached housing starts.
- ◆Electrical and electronic parts
 - Demand for analytical and measuring instruments remained strong.
- ◆Ship building
 - Due to the transition to the international system related to CO2 emission regulations, demand for flowmeter modification and replacement with mass flowmeters remained strong both in domestic and overseas markets.
- ◆Automobile
 - Although there has been demand for analyzers, sales declined significantly due to parts shortages. Inquiries about the “MISTOL Series” of parts inspection systems were strong, due in part to the trend toward labor saving and automation. For “MISTOL”, the Company plans to develop an AI function that facilitates difficult inspection settings, in order to revive sales in the future.



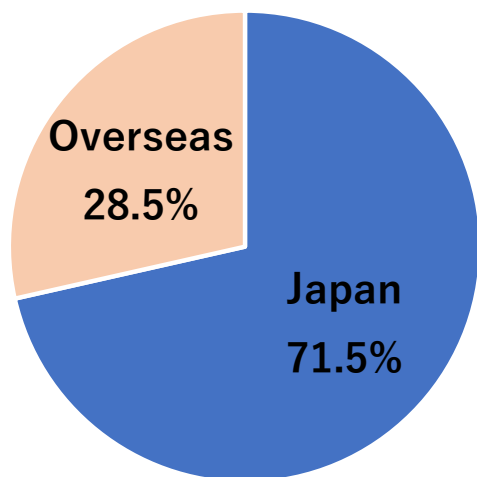
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Net sales	4	13	8	182.9
Medical	4	13	8	182.9
Others	—	—	—	—
Operating income	△47	△52	△4	—

◆Medical

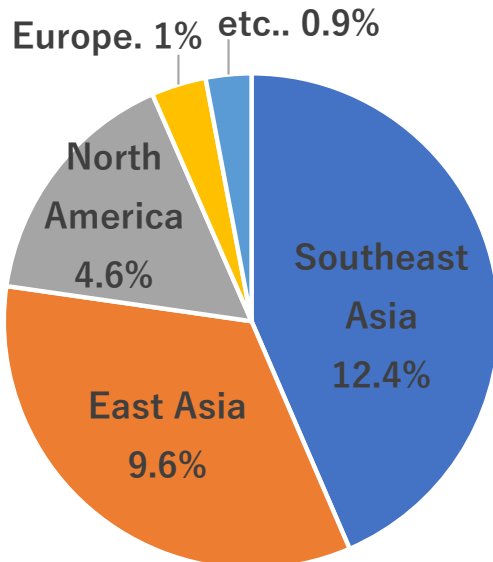
- The “FREELED” medical illuminator did not achieve full adoption despite efforts to collect market needs and engage in proposal activities while reducing costs, something that was highly demanded by customers after the Corona disaster. Going forward, the Company will continue to focus on strengthening PR through sales companies, aiming for full adoption of the product.
- The Company obtained a domestic patent for “high purity bio-soluble magnesium material for medical use”. With the acquisition of the patent as momentum, the Company will focus on the launch of the product, including the development of integrated manufacturing facilities, production of samples for clinical trials, and performance testing, with the aim of completing non-clinical trials by the end of this year.
- Initiated a new project utilizing the Company’s existing technology. Plans to expand medical equipment.

Summary of Overseas Business Results

Approximately **28.5%** of consolidated sales are overseas (30.6% in 2Q FY2022)



Net Sales Domestic / Overseas Ratio



Sales by Overseas Area (2023_1Q-2Q)

Country (Area)	Compared to Q2FY22	Notes
China	84%	Demand for screw products was driven by a large increase in demand related to game machines, but demand for automobiles, electrical and electronic parts, and IT and information equipment, as well as capital investment related to automobiles, remained sluggish.
Korea	147%	Demand related to production facilities remained strong.
Taiwan	97%	Sales remained flat due to sluggish demand for electrical and electronic parts and automobile-related screw products, although demand for game machine-related screw products and automobile-related capital investments were strong.
Thailand	102%	Demand for screw products and production equipment remained flat in all industries, including those related to automobiles and electrical and electronic parts.
Malaysia	97%	Demand for mainstay electric and electronic part screw products was weak, but sales remained flat due to firm demand for screw products related to automobiles, IT and precision equipment, and game machines.
Indonesia	110%	Strong demand for screw products related to automobiles, IT and precision equipment.
USA	111%	Although demand for production facilities for automobile and electrical/electronic related industries remained sluggish, Pinning Co., Ltd. which became a subsidiary in April last year, contributed to sales growth.
Europe	90%	Demand for analyzers and other equipment from Nittoseiko Analytech remained sluggish.
Others	122%	Demand for analyzers, mainly for India, remained strong YoY.

Q2 consolidated balance sheets for the fiscal year ending December 2023(Consolidated)



Unit : Millions of yen/%	fiscal year 2022		Q2 fiscal year 2023		Change from previous fiscal year end	
	Yen	Share (%)	Yen	Share (%)	Amount	%
Assets						
Total current assets	34,342	64.3	34,170	64.0	△172	△0.5
Cash and deposits	9,098	17.0	9,618	18.0	519	5.7
Notes and accounts receivable - trade Electronically recorded monetary claims - operating	13,986	26.2	12,815	24.0	△1,171	△8.4
inventory	10,081	18.9	10,917	20.5	835	8.3
Total non-current assets	19,065	35.7	19,199	36.0	134	0.7
Non-current assets	14,085	26.4	14,211	26.6	125	0.9
Intangible assets	1,146	2.1	1,048	2.0	△98	△8.6
Investments and other assets	3,833	7.2	3,939	7.4	106	2.8
Total assets	53,408	100.0	53,370	100.0	△37	△0.1
Liabilities						
Total current liabilities	14,601	27.3	13,631	25.6	△969	△6.6
Notes and accounts payable - trade Electronically recorded obligations - operating	9,015	16.9	8,962	16.8	△52	△0.6
Short-term borrowings	2,436	5.6	1,851	3.5	△584	△24.0
Total non-current liabilities	4,304	8.1	4,021	7.5	△283	△6.6
Total liabilities	18,906	35.4	17,652	33.1	△1,253	△6.6
Net assets						
Share capital	3,522	6.6	3,522	6.6	—	—
Capital surplus Retained earnings	28,208	52.8	28,838	54.0	629	2.2
Treasury shares	△1,246	△2.3	△1,341	△2.5	△94	—
Total net assets	34,501	64.6	35,717	66.9	1,215	3.5

Q2 Consolidated of cash flows for the fiscal year ending December 2023(Consolidated)

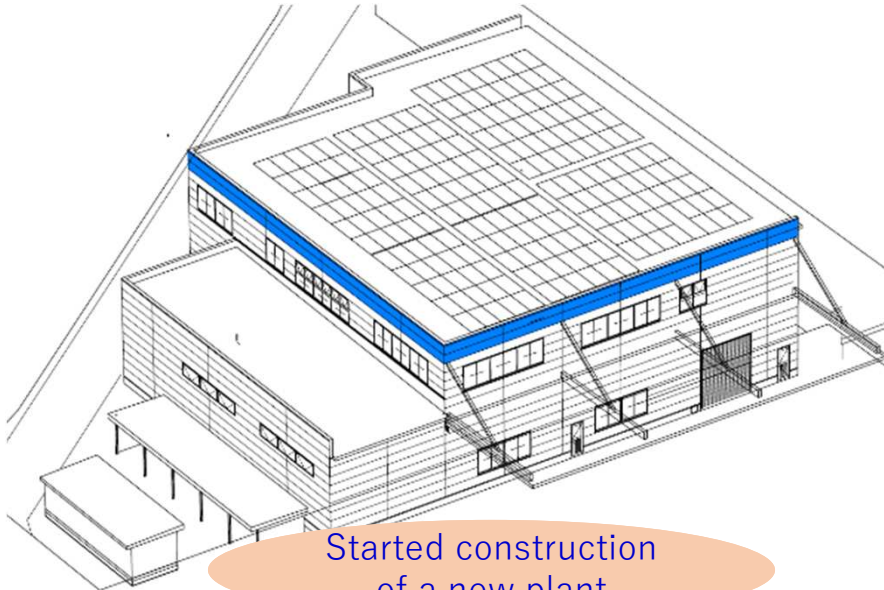


Unit : Millions of yen	Q2 fiscal year 2022	Q2 fiscal year 2023		
	Yen	Yen	Amount	%
Cash flows from operating activities ※①	300	2,371	2,071	690.0
Cash flows from investing activities※②	△1,517	△539	978	—
(FCF) ※①+②	△1,217	1,832	3,049	—
Cash flows from financing activities	△661	△1,105	△444	—
Net increase (decrease) in cash and cash equivalents	△1,659	556	2,215	—
Cash and cash equivalents at beginning of period	10,435	8,305	△2,129	△20.4
Cash and cash equivalents at end of period	8,776	8,862	85	1.0

unit : Million Yen	Year ending 2022	Year ending 2023 Q2	Year ending 2023 (Forecast)
	Amount	Amount	Amount
capital investment	1,122	559	1,235
Depreciation	1,421	757	1,480
R&D expenses	764	376	800

Main use of capital investment (2023)

Improved productivity and quality, reduced CO₂ emissions



Started construction of a new plant

Started construction of a new plant to improve productivity and quality of fastener products and to reduce CO₂ emissions in the manufacturing process. Scheduled to be completed in the fall of 2023.

Renewal of equipment to improve processing quality



Introduction of a vertical machining center

2. Initiatives and reports based on the medium-term management plan

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.

New Medium-term management plan [Numerical targets] **NITTOSEIKO**

Aiming to be a “Monozukuri(Manufacturing) Solution Group” recognized and sought after around the world

Target figures for the final year
(December 31, 2025) (consolidated)

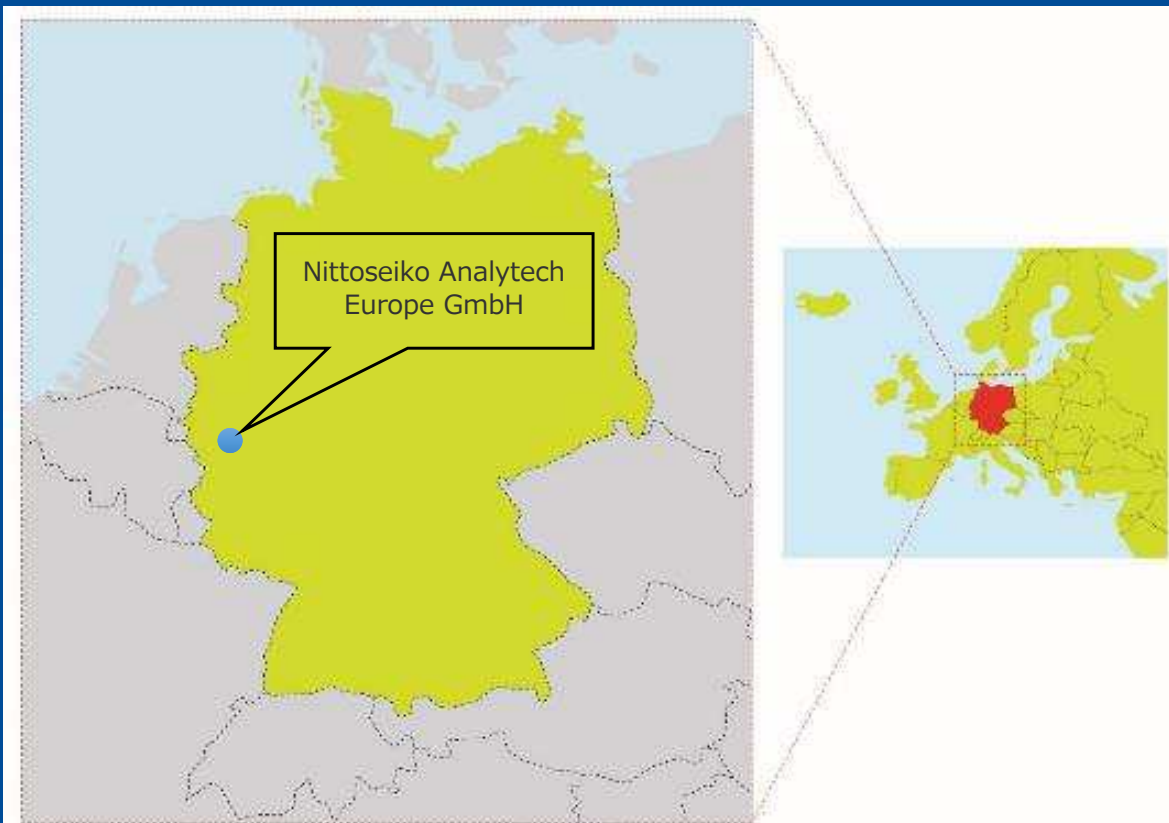
Net sales	60,000 Million Yen
Operating income	5,160 Million Yen
ROIC	8% and above
ROE	9% and above



Establishment of Nittoseiko Analytech Europe

Based in Düsseldorf, Germany, strengthening extensive sales and services.

First expansion into Europe (Germany)!



Federal Republic of Germany



Import and sales of analytical and measuring devices, technical services and application development. Seeking to further develop the group's business, including businesses other than the control business.



World's first! High purity, bio-soluble magnesium for medical use



Obtained a
Japanese patent
(June 2023)

Biodegradable medical device
Patent No.: 7301490

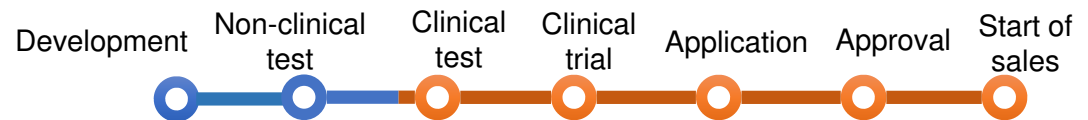
Fracture treatment implants



Features

High purity magnesium of 99.95% or higher, an essential element for humans and extremely safe. Starts dissolving after a certain period of time in the body, and then slowly dissolves completely over a long period of time.

State of progress



Development status

- Non-clinical study initiated at a university hospital
- Research presentations at various academic conferences
Oct 2022 Collaboration with Dr. Yoshinobu Oka, Kyoto Prefectural University of Medicine
Nov 2022 Member of Medical New Business Department
- Biological safety and non-clinical studies are underway with completion scheduled by the year end.
- Currently selecting implants suitable for these studies.
- System development for QMS, bioethics, information disclosure, etc.



Establishment of mass production system

- **Investment in facilities for mass production.**
- **Confirmation of quality and performance stability.**

Development of organic solvent recycling and recovery equipment

Commercialization toward a carbon-neutral society

August 11, 2023
Launched a business alliance with eSep Inc

【Features】

- Improved recycling recovery.
- Reduced energy consumption by eliminating the need for conventional recycling processes (combustion and distillation) due to reduced liquid waste.



★Reduced energy cost

★Reduced CO₂ during recycling collection

-Plant manufacturing technology
-Fluid control technology
-Explosion-proof technology

-Membrane separation technology
-Filter manufacturing technology

反応と分離の一体化によるコンパクト化
反応促進効果による反応温度低減化、
省エネルギー、低コスト化

Organic Solvent Recycling Equipment]
*Image

Carbon offsetting

Reduce CO₂

Carbon neutral

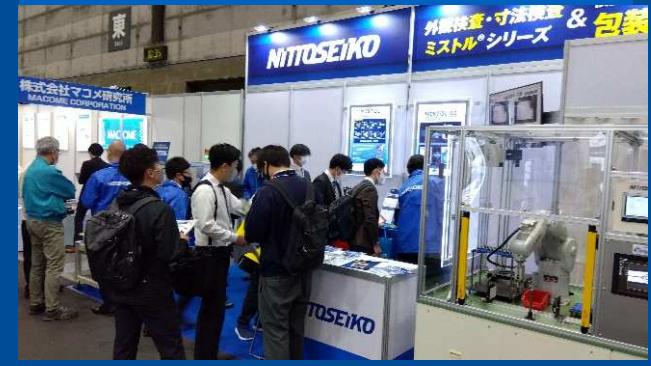
Decarbonization



Period Mar 21-23, 2023
 Place Messe Stuttgart(Germany)
 Participants Approx. 11,000
 Companies Approx. 1,000

Exhibited screw products & screw fastening robots

PR focusing on European automobile, electrical and electronics manufacturers.



Period Apr 12-14, 2023
 Place Port Messe Nagoya
 Participants Approx. 27,500
 Companies Approx. 540

Parts inspection device "MISTOL" and board inspection machine

Many automobile suppliers mainly from Chubu area visited the exhibition. Focusing on activities to win orders.

COLLABORATE JAPAN UR Collaborative Robot Fair



Period Jul 26-27, 2023
 Place Wink Aichi
 Participants 969
 Companies 19

Exhibited screw fastening machine "PD400UR"

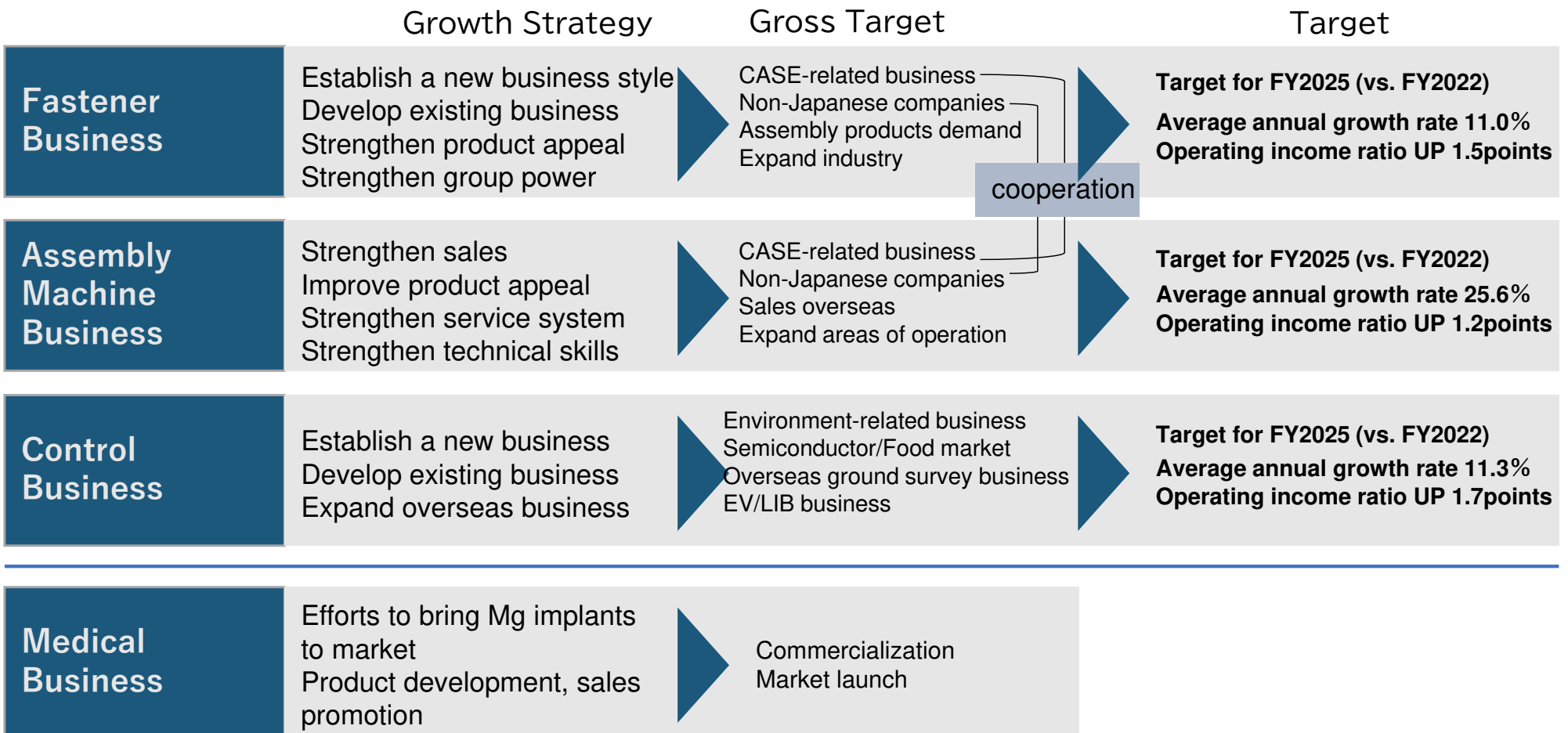
Private exhibition by UR. Many users in Chubu area visited the exhibition. Received inquiries from new customers.

GROWTH#1 Business Expansion Strategy

- ▶ Business-specific growth strategies that leverage core competencies
- ▶ Customer-oriented solutions
- ▶ Group optimization for business expansion and management efficiency

Result FY2022 (Million Yen)		Target FY2025 (Million Yen)	
Net Sales	44,021	Net Sales	60,000
Operating Income	2,931	Operating Income	5,160

Implement a growth strategy that leverages the strengths of each division



GROWTH#1 Business Expansion Strategy

FY2022 Results (Mil Yen)		FY2023 Estimation (Mil Yen)		YoY	FY2025 Target (Mil Yen)		Progress
Net Sales	44,021	Net Sales	46,500	5.6%	Net Sales	60,000	22.5%
Operating Income	2,931	Operating Income	3,500	19.4%	Operating Income	5,160	32.1%

Fastener Business

FY2023 Q2 Result (YoY)
Growth rate 6.8%
Operating income ratio Up 2.1

FY2025 Target (vs. FY2022)
Average annual growth rate 11.0%
Operating income ratio Up 1.5

- Business expansion through M&A.
- Secure demand in the automobile, housing, and construction sectors.
- Improve profitability through price transfer and cost reductions.

Assembly Machine Business

FY2023 Q2 Result (YoY)
Growth rate 12.5%
Operating income ratio Down 4.7

FY2025 Target (vs. FY2022)
Average annual growth rate 25.6%
Operating income ratio Up 1.2

- Sales improved due to special demand, etc.
- Sluggish capital investment in the mainstay automobile industry.
- Decrease in profit due to soaring material prices and price competition.

Control Business

FY2023 Q2 Result (YoY)
Growth rate 5.1%
Operating income ratio Down 0.3

FY2025 Target (vs. FY2022)
Average annual growth rate 11.3%
Operating income ratio Up 1.7

- Orders increased due to the establishment of a European base.
- Weak capital investment in the construction sector.
- Profitability improved from Q1 due to price transfer.

Medical Business

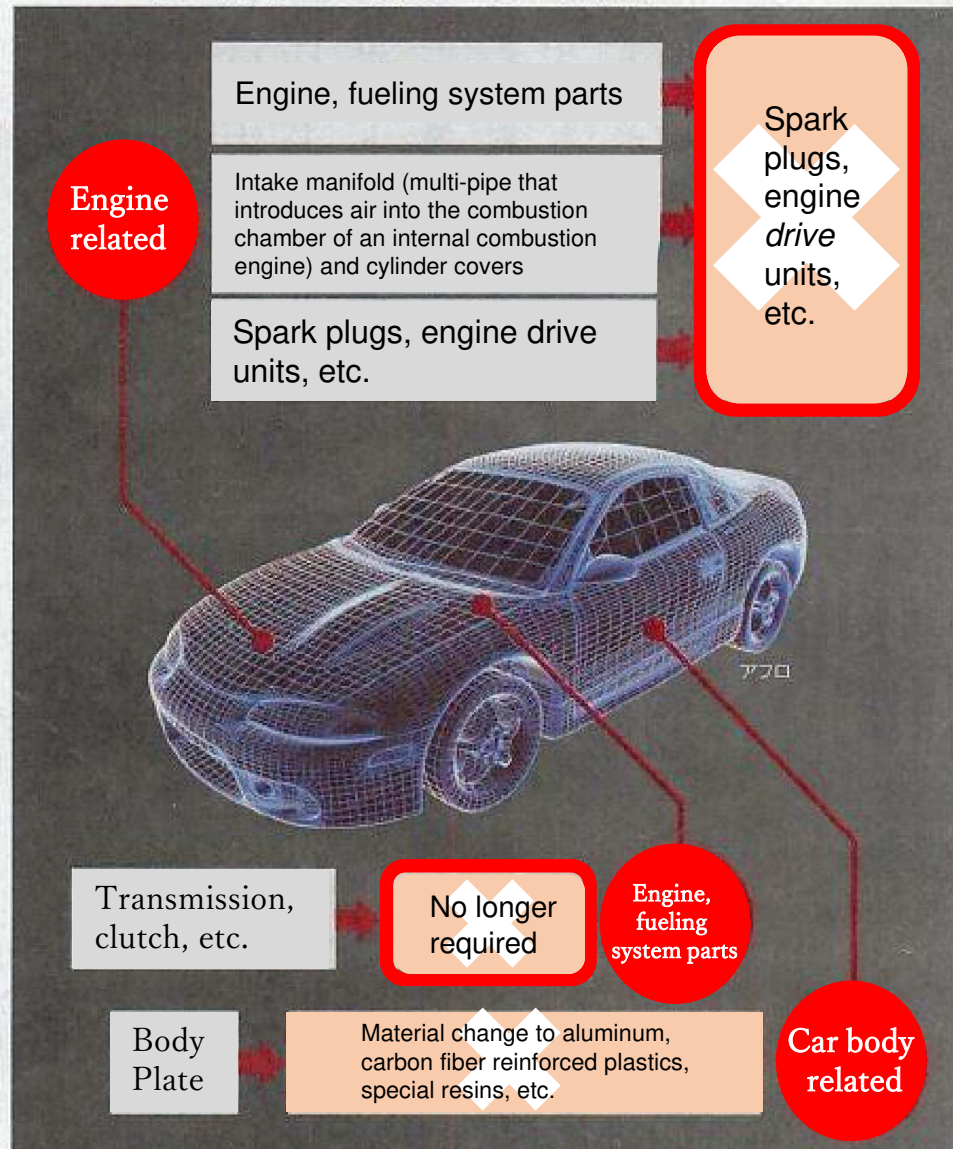
Efforts to bring Mg implants to market
Product development, sales promotion

Commercialization
Market launch

- Obtained a Japanese patent for "High purity bio-soluble magnesium for medical use."
- Preparations underway for clinical trials and commercialization.

■ No longer require engine parts and power train

-Main gasoline vehicle parts no longer needed with EVs-

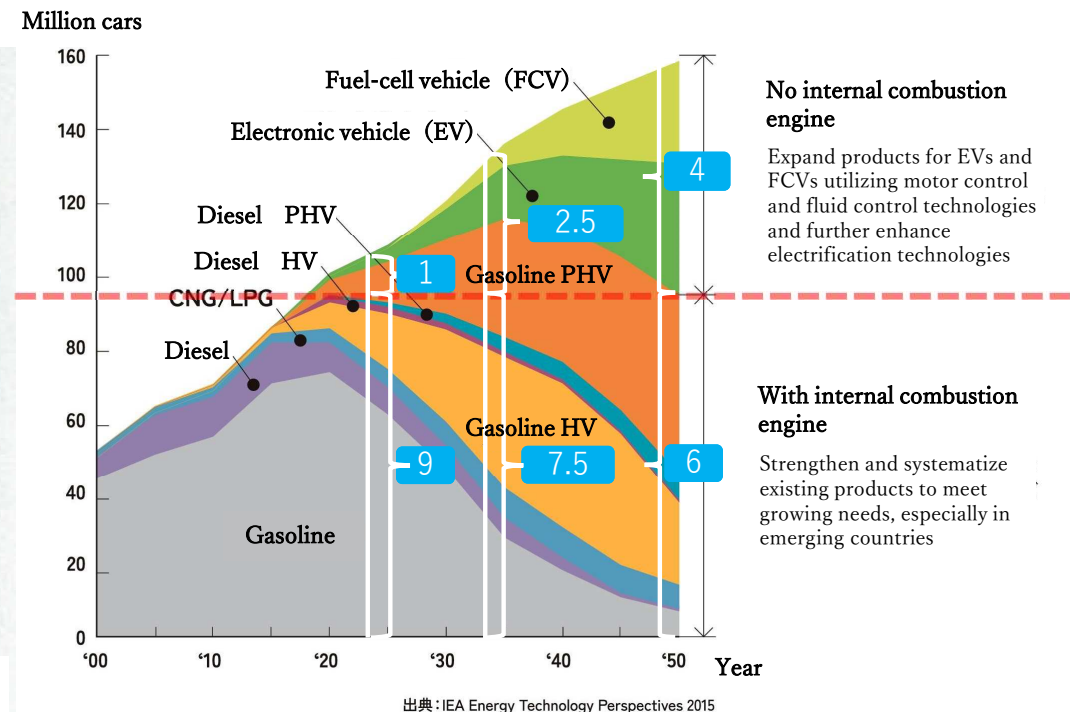


(Source: Based on data from the Ministry of Economy, Trade and Industry (New Industrial Forms and Materials Industry Vision))

Ratio of vehicles with internal combustion engine : without internal combustion engine
 2023: 9:1 \Rightarrow 2033: 7.5:2.5 \Rightarrow 2050: 6:4

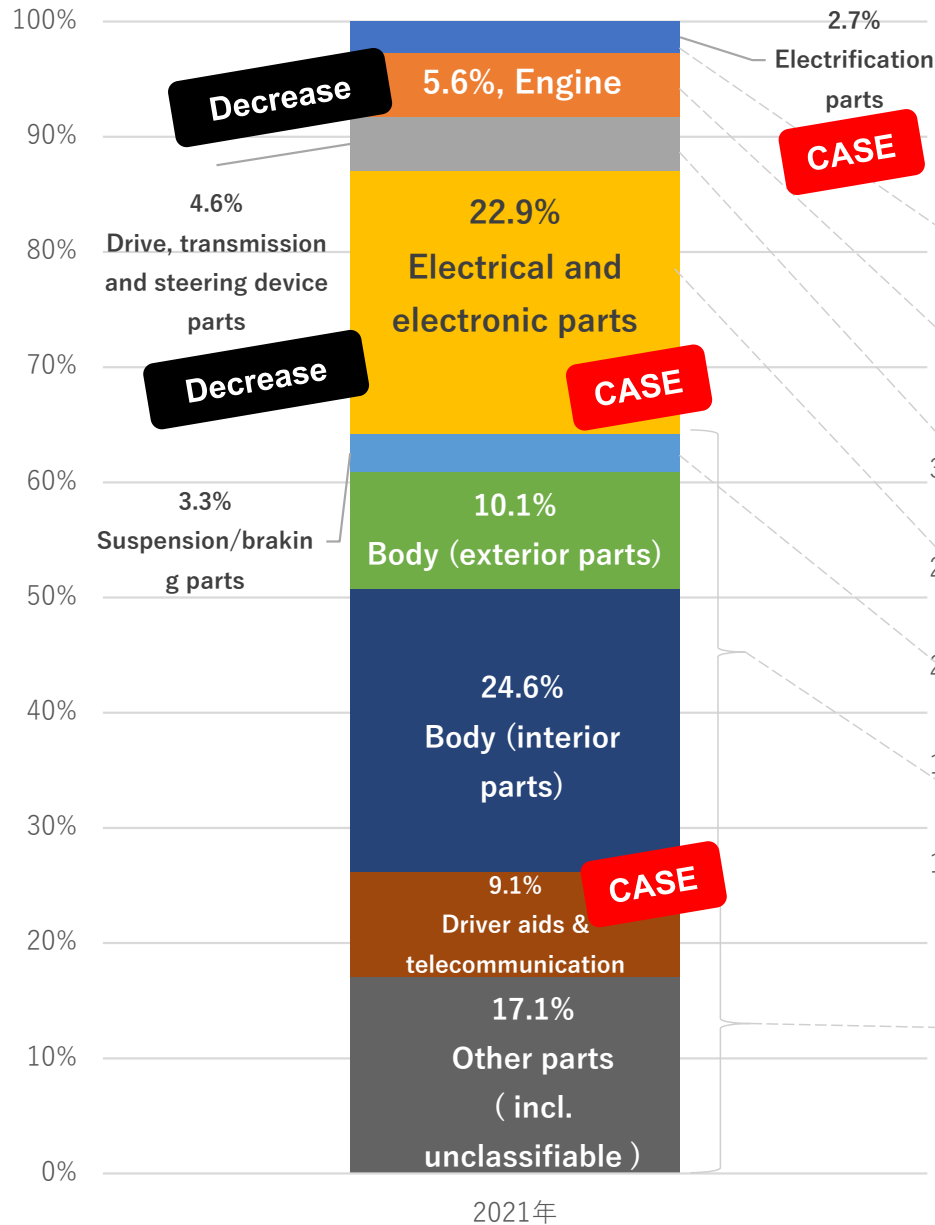
- Total number of vehicles will increase steadily until 2050.
- The number of vehicles with internal combustion engines (gasoline-powered vehicles) will increase until 2035 and then decrease.
- There is no rush to shift to EVs, and stable sales to existing customers are still in view.
- Focus on business activities to increase overseas sales ratio whilst keeping an eye on the spread of EVs and FCVs in emerging countries.

Global new vehicle sales forecast by power train



Background of CASE-related Business Initiatives ②

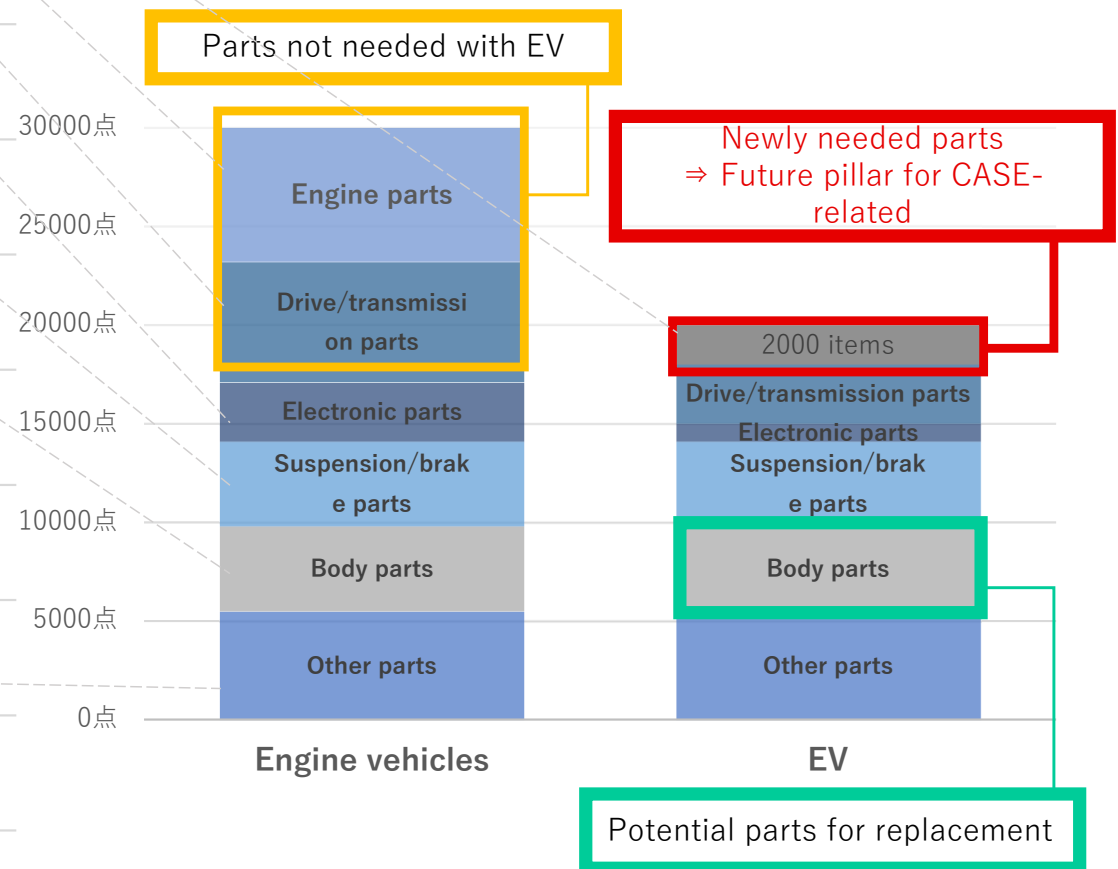
Percentage of each major category of automobile/
place of use(Sales of Fastener Business)



Examples of parts affected by electronic control and electrification (Assumes semi-car <Level 3> EVs in the 2020s)

【No. of parts】 30,000 ⇒ 18,000 ⇒ 20,000

- More adoption of items for electrical and electronic parts, accounting for a high percentage of the total. (CP GRIP, etc.)
- Finding new items for "rechargeable batteries," one of the pillars of CASE (AKROSE, etc.)



Gross Target



- CASE-related business . . . Continue to be involved with growing businesses in the automobile industry, our key business.
- Non-Japanese companies . . . Global distribution is essential for business expansion.
- ASSY products demand . . . Need high-value-added products utilizing our group's technology
- Expand industries Need to serve a broad range of industries to establish a stable business

CASE-related business

CASE-related Sales **2,954** Mil Yen
 Net sales ratio target 15.0%⇒ Result **18.3%**

Solve customer issues associated with the fastening of CASE-related parts by applying our technologies and commercialize products. Backlog of orders, up 705 million yen (+22.5%) from YoY

JOISTUD

Bolts for caulking to reduce warpage and burr when fastening thin plates. For automobile parts that are becoming lighter.



Non-Japanese companies

Exhibited at screw exhibition in Germany to expand market to Europe
 Participants: approx. 11,000
 Number of specific projects won: 10



ALUMITITE

Increased use of aluminum die castings in automobile parts, where weight reduction is promoted. Screws that prevent seizure that often occurs during screwing, characteristic of aluminum. Resolves yield and cost problems such as workpiece breakage.



ASSY product demand

Began selling hybrid parts combining the Group's press products and fastening parts for the automobile market.

Enhancing product proposals for other hybrid parts. Aim to improve profitability as a high-value-added product.

CP GRIP

Prevent board shorts caused by powder during fastening as more advanced control devices, such as auto-drive, are being developed.



Expand industries

Amid continued production adjustments in the automobile industry, strengthened sales to the construction industry through acquisition of KM Seiko and Pinning as subsidiaries.

AKROSE HYBRID

Atomic-level joining of multiple metals for cost reduction, increased functionality, etc.



YoY (Construction)
+636 Mil Yen
 (20.8% increase)

Gross Target



- CASE-related business · · · Continue to be involved with growing businesses in the automobile industry, our key business.
- Non-Japanese companies · · Global distribution is essential for business expansion.
- Overseas sales · · · Aiming to expand orders in Europe while using existing bases as hubs.
- Expand business sectors · · · Expand sales of products with reduced environmental impact etc. through various sales networks.

CASE-related business

Provide solutions to customers with anti-contamination screw fastening machines to meet the demand for computerization accompanying advancement of CASE-related businesses.

CASE-related sales **780** Mil Yen
 Net sales target 25.4%⇒Result **20.5%**



Overseas sales

In addition to expanding the sales area throughout Asia with Thailand as a hub, promote initiatives for CE marking, RoHS, etc., which will serve as the foundation.



In addition, we will enhance the product lineup with a focus on specific countries.

Non-Japanese companies

Received orders for large EV-related projects, mainly for South Korea.
 In addition, we are expanding sales in Europe along with the fastener business.

YoY (Korea)
+119 Mil Yen
 (68.7% increase)



Expand business sectors

Developed a lightweight single-axis screw fastening unit with a downsized robot that contributes to CO2 reduction with lower power consumption.

We will continue to focus on introducing new products that contribute to reducing environmental impact.



Weight 30%Down
 ↓
 Contribute to CO₂ reduction

Gross Target



- Environment business Entering carbon-neutral business is essential.
- Semiconductor/Food market . . . Expand sales of high-value added flowmeters (mass, electromagnetic, ultrasonic).
- Overseas ground survey business Promoting penetration in the Thai market leveraging its high domestic market share.
- EV/LIB business Propose inspection equipment and measurement systems to growing fields with increasing needs.

Increase mainly in chemical and pharmaceutical industries, including expansion of analytical instruments to Europe. Backlog of orders increased 885 Mil yen (+76.1%) YoY

Environment business

Following the washing device that utilizes microbubble generation technology, developed an application for a shower system exclusively for hair salons that utilizes its characteristics outside of the industrial market.



Overseas ground survey business

As the next step for the industry standard product, with a dominant market share in Japan, we aim to promote it in Southeast Asia, focusing on the Thai market. The "liquefaction determination method using SDS test results" has been approved by a third-party review organization, and expectations are high for its use in disaster mitigation.



Semiconductor/Food market

A wide variety of flowmeters to precisely meet the needs of the field. Among them, high-performance mass/magnetic/ultrasonic flowmeters guarantee reliability.



EV/LIB business

Started development of a model with AI technology for inspection equipment as well as a flowmeter for the IoT. Automatic powder resistance measurement system, ideal for the evaluation of electronic materials such as electrodes for batteries, a growing field, which solves all kinds of problems.



Sales related to semiconductor/food **26**Mil Yen
Net sales ratio target 0.2%⇒Result **1.0%**

GROWTH#2 Environment Strategy



2020 to Q2 of 2023

- Installation of Solar Panels (Malaysia)
- Switch to LED lighting
- Switching to renewable electricity
- Measures to improve operating efficiency of production and maintenance
- Other power saving measures



2023 Q2 Result
22.0% reduction
(vs. 2019 ÷ 2)



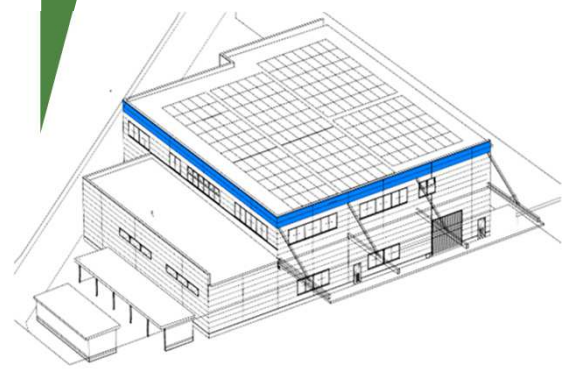
Solar panels installed at Malaysia subsidiary (In operation from September 2022)

Plan of Initiatives till 2030

- Nov 2023: Installation of solar panels (Assembly machinery plant) (Assembly machinery business has become almost carbon neutral)
- Apr 2024: Installation and operation of solar panels (Thailand Fastener Plant)
- Fall 2024: Installation and operation of solar panels (Ayabe Fastener Plant)
- Reduction of electricity and transportation costs due to new factory construction and layout changes



Target of FY2030
30% reduction
(vs. 2019)



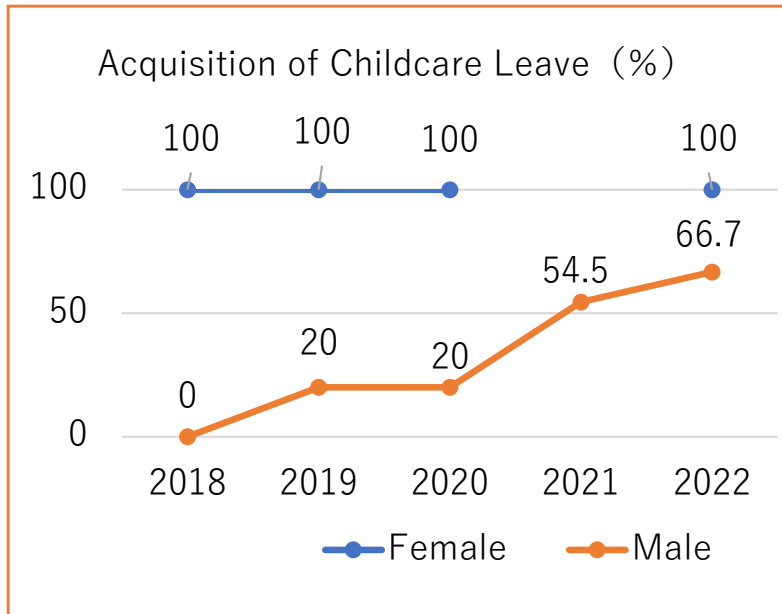
GROWTH#3 Human Resource Strategy

Creating an environment that is comfortable to work in and for continuation of work

Platinum Kurumin

Certification by the Ministry of Health, Labor and Welfare for particularly excellent "childcare support" companies in accordance with the Law for Measures to Support the Development of the Next Generation.

Obtained in May 2023 (first certification in northern Kyoto Prefecture)



Corporation with Excellent Health Management

The Ministry of Economy, Trade and Industry (METI) awards corporations, including large corporations and small and medium-sized enterprises (SMEs), that practice particularly excellent health management based on their efforts to address health issues such as lifestyle-related diseases, mental health, and work-life balance, as well as their efforts to promote good health.

Four of our Group companies were certified.



健康経営優良法人
Health and productivity
ホワイト500

NITTOSEIKO Co., Ltd.



健康経営優良法人
Health and productivity
ブライト500

NITTO KOSHIN Co., Ltd.



健康経営優良法人
Health and productivity

FINE JAPAN Co., Ltd.
NISSEI CORPORATION

Work Style Reform

Promotion of work-life balance to maximize employee performance

Overtime hours

Monthly Ave. **4.5** Hours

(Japan's manufacturer Ave.14.4H)

Paid leave taken

75.6 %

(Japan's Ave. 58.3%)

GROWTH#4 Financial Strategy							
FY2022 Result		➔	2023 Estimation		➔	FY2050 Target	
ROIC	5.4%		ROIC	6.6%		ROIC	Over 8%
ROE	5.9%		ROE	6.8%		ROE	Over 9%

Reduce capital costs and pursue ROI

Introduction of CMS

Introduced cash management system to reduce interest-bearing debt.

Plan to reduce 700 million yen this fiscal year. In addition, group funds will be utilized for highly effective investments, taking into account the cost of capital.

Improve Marginal Profit

Develop initiatives to improve labor productivity . Under the name of "VALUE UP 7000," a plan to increase marginal profit by 7,000 yen per person monthly was proposed and implemented by each department. Visualizing the results throughout the company, the entire organization is promoting activities to improve profitability.

Improve Fixed Asset Turnover

To improve the fixed asset turnover ratio, we will strengthen the system to check whether the investment effect is greater than the Group's WACC of 6.7% for capital investments aimed at improving profitability.

In addition, on-site verification of fixed assets is underway. Idle or ineffective facilities will be identified to reduce taxes and assets.

3. Sales estimate for the fiscal year ending December 2023

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 2023

Unit : Millions of yen/%	Fiscal year 2022		Fiscal year 2023		YoY	
	Yen	Share (%)	Yen	Share (%)	Amount	%
Net sales	44,021	100.0	46,500	100.0	2,478	5.6
Operating profit	2,931	6.7	3,500	7.5	568	19.4
Ordinary profit	3,235	7.3	3,700	8.0	464	14.4
Profit attributable to owners of parent	1,828	4.2	2,200	4.7	371	20.3
Earnings per share	49.50		59.54			

- Despite the lingering impact of material shortages, the Company expects to increase sales and profit on the back of a recovery in demand, particularly in the automobile sector (EVs and ECUs), as well as an increase in the shipments of products with prices transferred to the market.
- In the fastener business, in addition to various screw products that contribute to weight reduction and electrification in the automobile sector, the Company expects increased demand for precision press products by subsidiary Shinwa Seiko Co., Ltd. Increased demand is also expected for screws and nuts in the housing and construction sector, the second pillar of the fastener business, owing to the New Normal and Osaka Expo related demands.
- The assembly machine business aims to recover in the second half of the year by acquiring large production equipment projects, including the launch of new models in the automobile sector and CASE-related projects. Also, demand in the electric and electronic parts sector is expected to recover, and efforts to generate profits will be made, including price pass-through.
- In the control system business, demand related to analyzers and inspection equipment is expected to remain firm due to the need for labor saving and automation. In addition, demand for flow meters is expected to increase due to the transition to an international shipbuilding system.
- In the medical business, the Company will work to strengthen cooperation with sales companies and promote the development of new products that address the needs of the medical field and the market outlook.

Net Sales Forecast by Segment (Mil Yen)

Fastener Business
33,622

- Recovery of production in the automobile industry
- Increased demand in the construction industry



Assembly Machine Business
7,315

- Recovery of capital investment
- Increase in overseas demand



Control Business
5,544

- Recovery from shortage of parts and materials
- Demand due to system revision



Medical Business
19

- Testing and examination
- Product development



2023 Q4
Forecast
46,500



Operating Income Forecast by Segment (Mil Yen)

(Operating income ratio in rackets)

Fastener Business
2,041
[6.1%]



Assembly Machine Business
1,329
[18.2%]



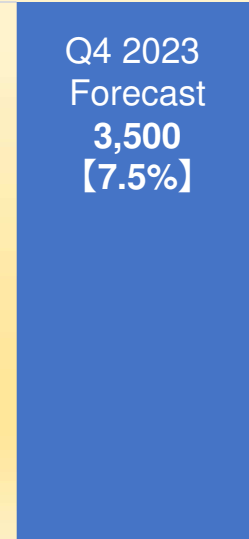
Control Business
241
[4.4%]



Medical Business
▲111



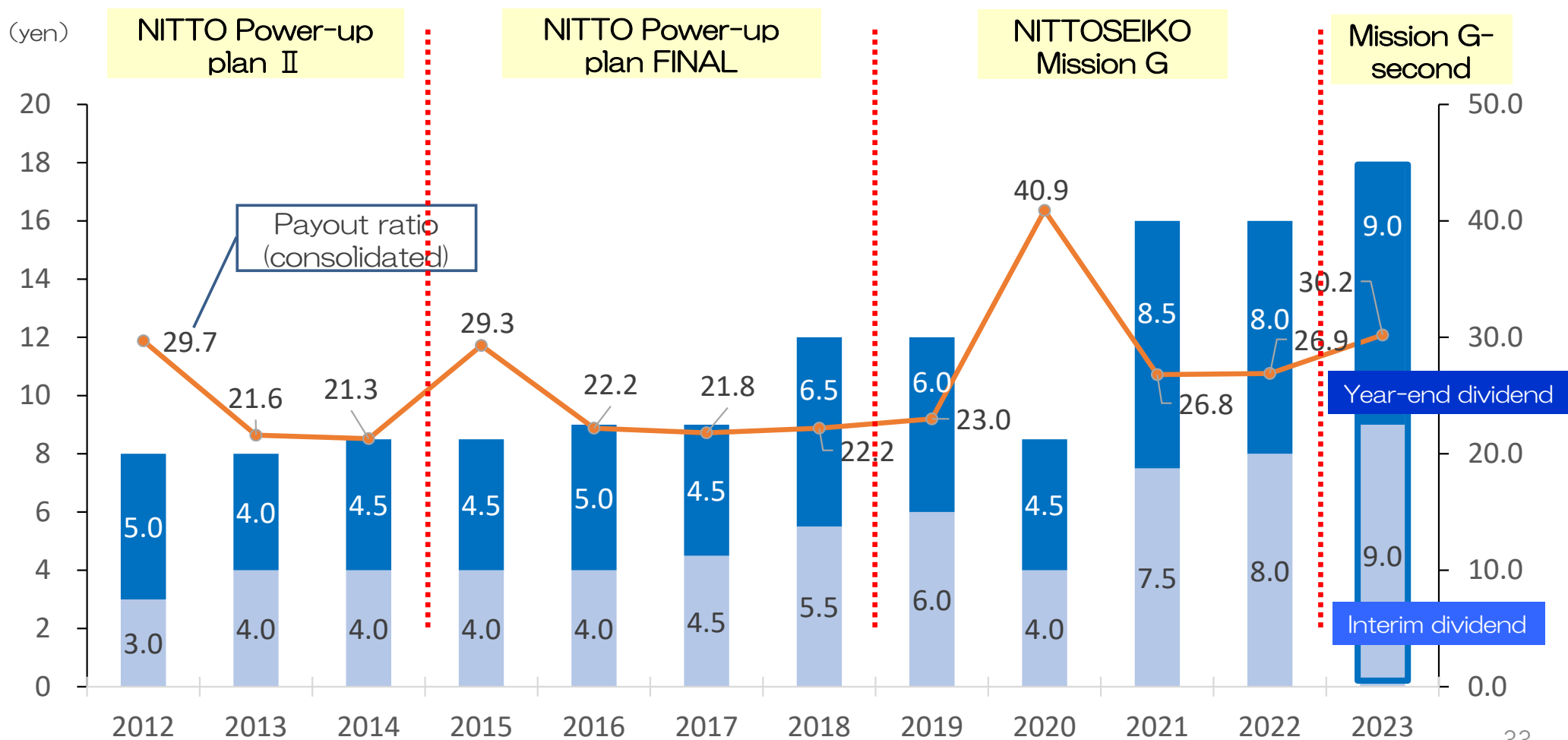
Q4 2023
Forecast
3,500
[7.5%]



Shareholder Returns

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

Interim dividend : 9.0 yen } Annual dividend of 18.0 yen
 Year-end dividend : 9.0 yen



4. Management Approach

Management Approach

1 We will carry on our management philosophy and enhance our corporate value by developing our business.

2 We will be recognized and sought after by our stakeholders for the realization of a sustainable society.

3 As a manufacturing solutions group, we will share our customers' materiality and strive to solve their issues.

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.