

(Issue code: Tokyo Stock Exchange Prime 5957)



Results Briefing for the fiscal year ended December 2023



NITTOSEIKO

Taking new steps forward together

■ Explained by
Makoto Araga, President

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Forecast for the Fiscal Year Ending Dec 31, 2024

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1. Summary of Financial Results for the Fiscal Year Ended Dec 31, 2023

Summary of Financial Results

Unit: Million yen / %	2022/12		2023/12		YoY		2023/12 Results Compared to forecast (as of Nov. 14, 2023)		
	Full Year		Full Year		Amount change	% Change	Forecast amount	Amount change	% Change
	Amount	Ratio (%)	Amount	Ratio (%)					
Net sales	44,021	100.0	44,744	100.0	722	1.6	45,000	△ 255	△ 0.6
Gross profit	10,377	23.6	10,183	22.8	△ 194	△ 1.9			
Selling, general and administrative expenses	7,445	16.9	7,568	16.9	123	1.7			
Operating income	2,931	6.7	2,614	5.8	△ 317	△ 10.8	2,600	14	0.5
Ordinary income	3,235	7.3	2,835	6.3	△ 399	△ 12.4	2,800	35	1.3
Net income for current period before income taxes	3,194	7.3	2,830	6.3	△ 363	△ 11.4			
Net income attributed to shareholders of the parent company	1,828	4.2	1,734	3.9	△ 94	△ 5.1	1,700	34	2.0
Net income per share (yen)	49.5		46.95				46.01		

Main points

Net Sales

- KM SEIKO Co., Ltd. and Pinning Co., Ltd., which became consolidated subsidiaries in April 2022, and Nittoseiko Analytech Europe GmbH, established in Germany in April 2023, contributed to business performance. In addition, sales of fastener products for the automobile, housing, and construction industries, and control products such as analytical instruments for the chemical and pharmaceutical industries showed growth, resulting in a 1.6% YoY sales increase.

Operating Income

- Operating income declined 10.8% YoY due to the significant impact of sluggish orders caused by the slowdown of the U.S. and Chinese economies, despite sales price revisions and cost reductions in both production and sales operations in response to soaring resource and raw material prices.

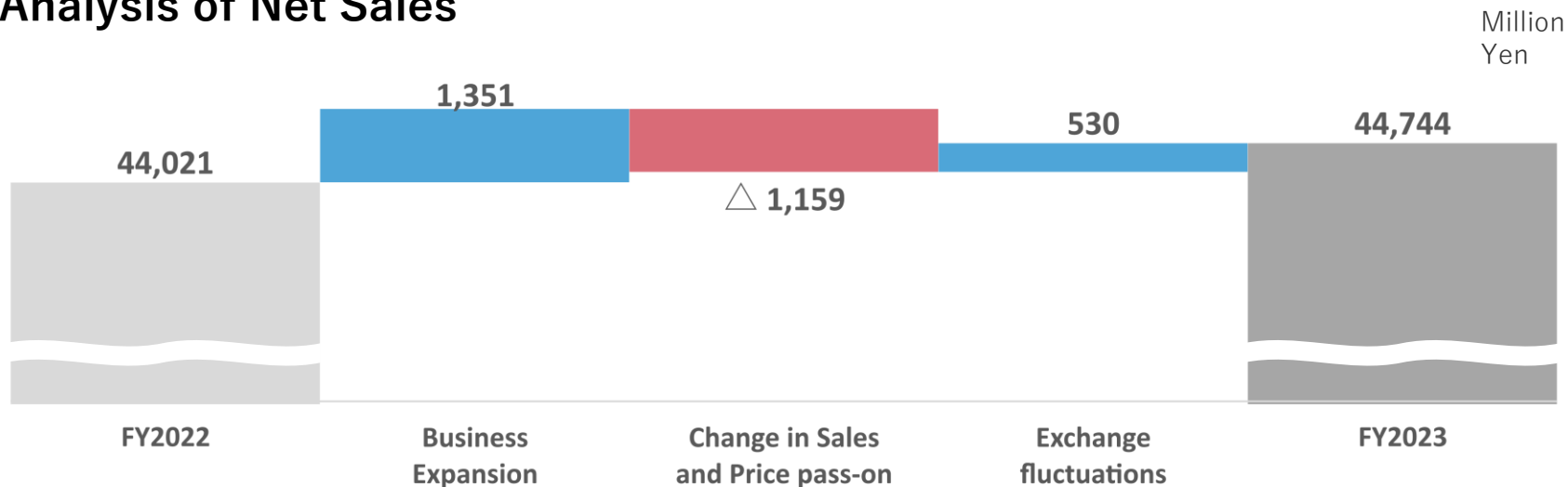
Overseas

- Overseas sales declined slightly due to the slowdown of the U.S. and Chinese economies as well as prolonged inventory adjustments by customers in Southeast Asia.

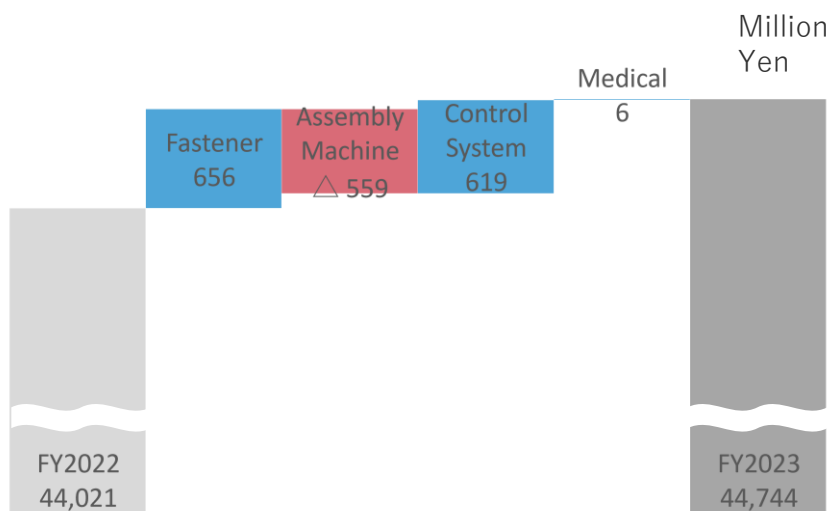
Summary of Financial Results - Net Sales



Analysis of Net Sales



Change in net sales by segment



Business Expansion

KM SEIKO Co., Ltd., Pinning Co., Ltd. and Nittoseiko Analytech Europe GmbH contributed to business performance.

Change in sales

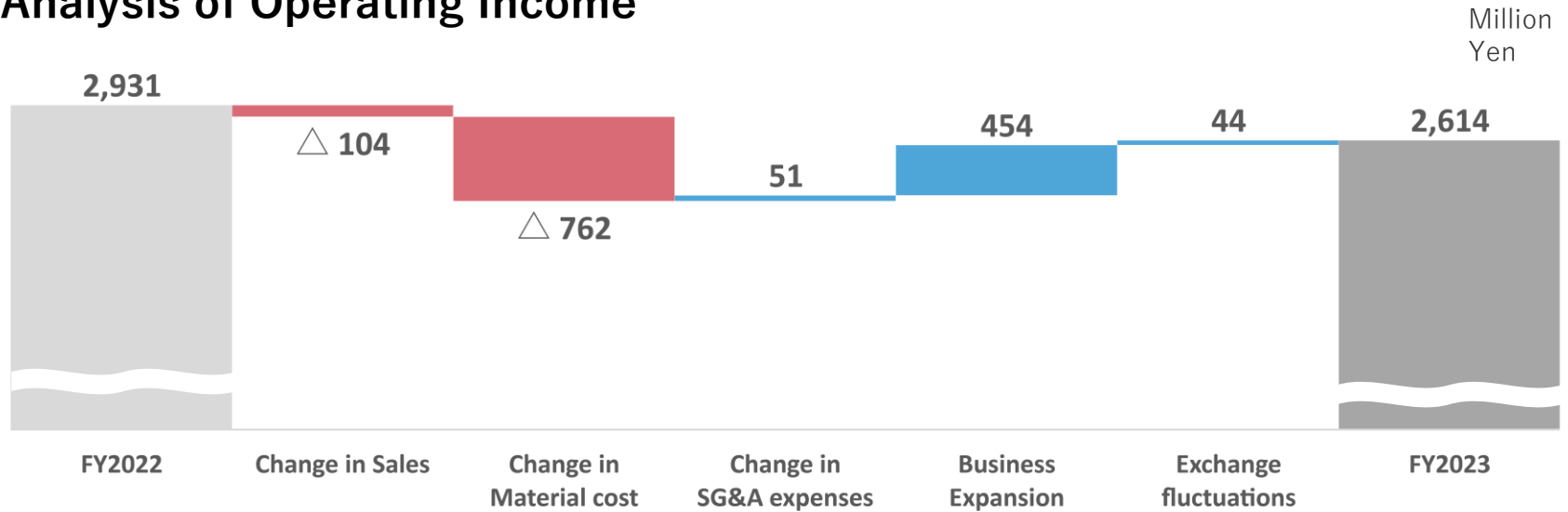
Sales decreased due to the slowdown of the U.S. and Chinese economies and prolonged inventory adjustment by customers in Southeast Asia, despite strong sales in the automobile and chemical/ pharmaceutical industries.

Price pass-on

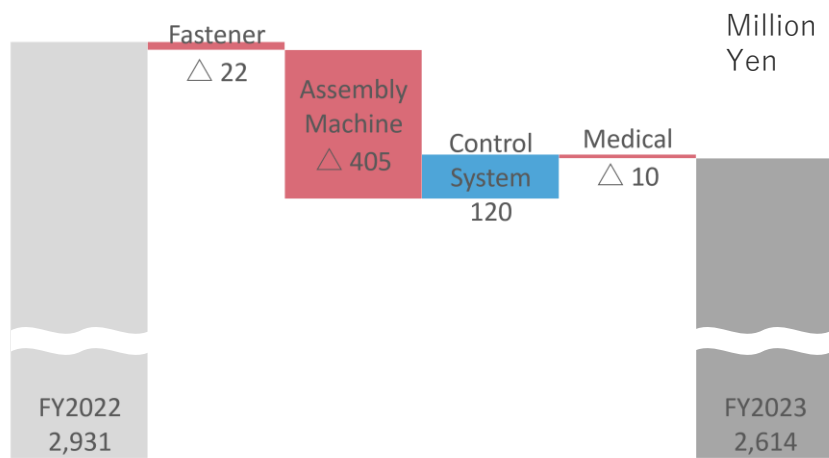
Efforts to promote price pass-on in response to soaring material costs encountered difficulties.

Summary of Financial Results - Operating Income **NITTOSEIKO**

Analysis of Operating Income



Change in Operating Income by segment



Material cost

Efforts to promote price pass-on in response to soaring material costs encountered difficulties. Material cost increased by 1.7% YoY, up 493 million yen.

Material cost and SG&A expenses

Energy cost increased by 7.6% YoY, up 69 million yen.

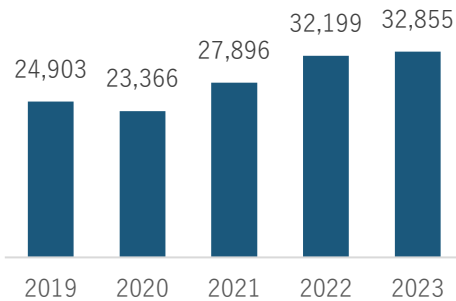
Business Expansion

KM SEIKO Co., Ltd., Pinning Co., Ltd. and Nittoseiko Analytech Europe GmbH contributed to business performance.

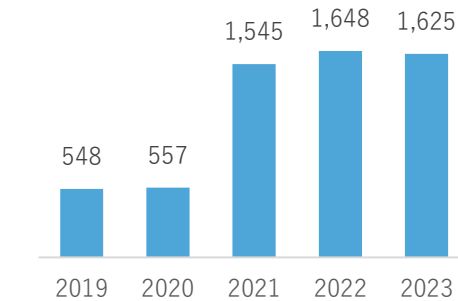
Overview of Results by Segment - Fastener Segment



Million Yen Net Sales



Million Yen Operating Income



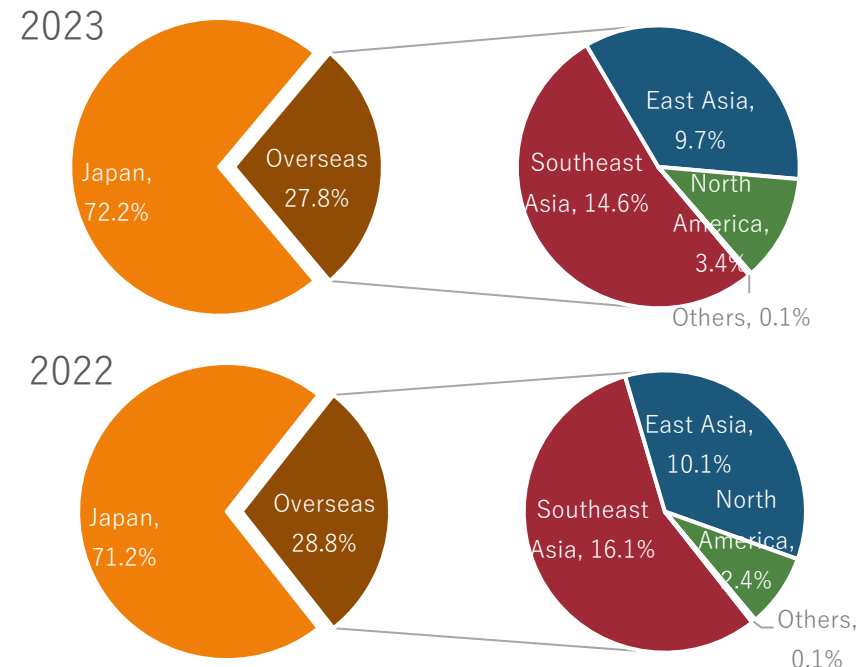
- Net sales increased due to strong demand from the housing and construction sectors in North America, in addition to the mainstay automotive sector.
- Operating income decreased due to difficult negotiations to pass on higher prices for energy and subsidiary materials, despite efforts to improve efficiency and reduce costs by consolidating manufacturing plants.

Net Sales by Industry

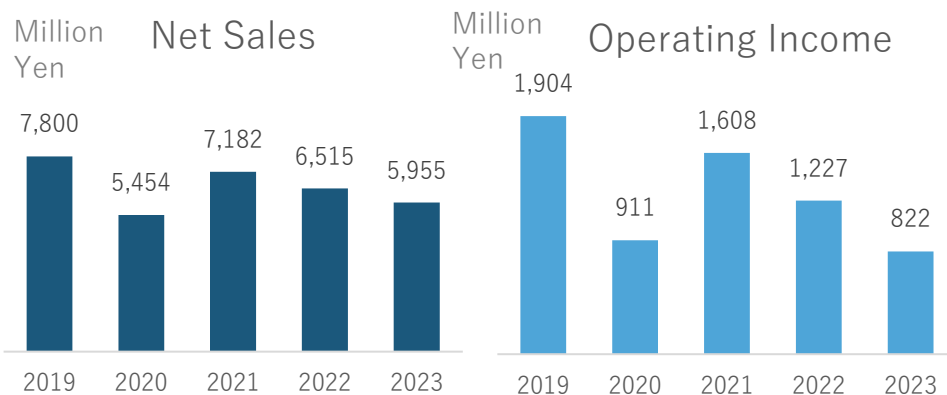
Unit: Mil yen/ %	2022/12	2023/12	YoY	
	Full Year	Full Year	Amount	% Change
Net sales	32,199	32,855	656	2.0
Automobile	11,417	12,955	1,538	13.5
Housing and construction	6,926	7,466	540	7.8
Electrical and electronic parts	5,191	4,588	△ 602	△ 11.6
Household goods	2,775	2,140	△ 635	△ 22.9
IT and digital equipment	1,603	1,254	△ 348	△ 21.7
Precision equipment	1,142	1,098	△ 44	△ 3.9
Medical	323	289	△ 34	△ 10.6
Others	2,817	3,061	244	8.7

Net Sales by Region

North America +330Mil Yen



Overview of Results by Segment – Assembly Machine Segment

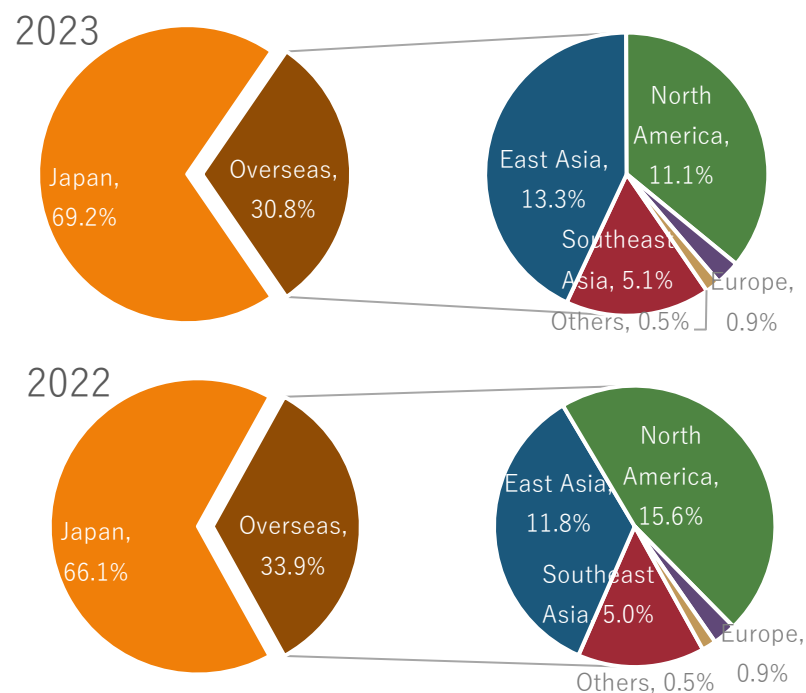


- Net sales decreased due to sluggish orders, especially in the U.S. and China, with increasing uncertainty in the global economy pushing down the appetite for capital investment, despite growing momentum for automation against a backdrop of demand for electrification and labor shortages.
- Operating income decreased due to lower orders for special machines and low orders in the U.S., despite efforts to pass on selling prices of standard machines.

Net Sales by Industry

Unit: Mil yen/ %	2022/12	2023/12	YoY	
	Full Year	Full Year	Amount	% Change
Net sales	6,515	5,955	△ 559	△ 8.6
Automobile	3,889	3,410	△ 479	△ 12.3
Electrical and electronic parts	789	1,026	237	30.0
Amusement machine	64	212	148	230.3
Energy sector	327	199	△ 127	△ 38.8
Housing and construction	134	180	45	33.4
IT and digital equipment	147	178	30	20.4
Others	1,163	748	△ 415	△ 35.7

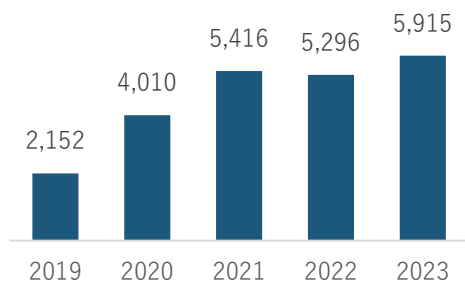
Net Sales by Region



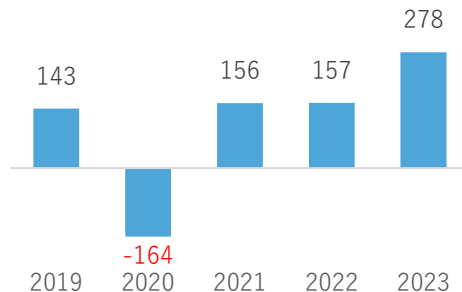
Overview of Results by Segment – Control System Segment



Million Yen Net Sales



Million Yen Operating Income

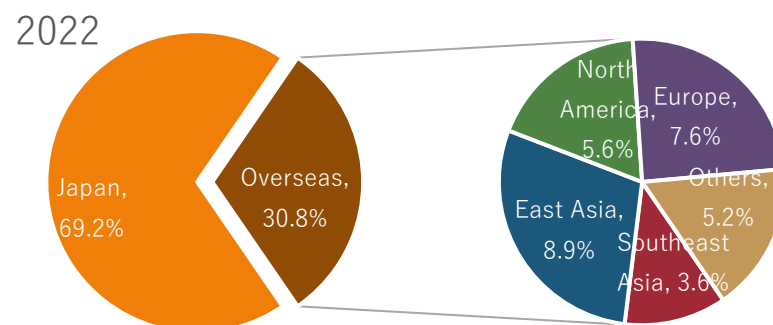
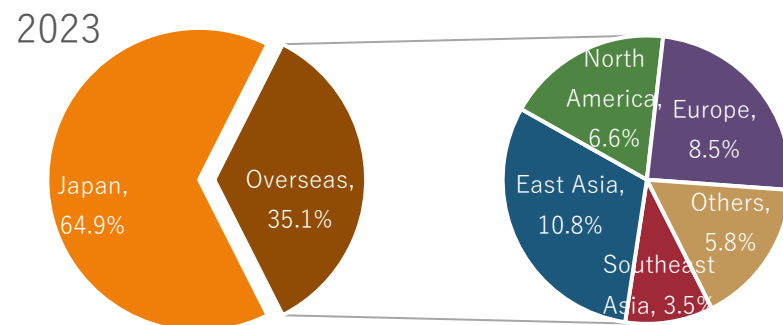


- Both net sales and operating income increased due to strong demand for flowmeters, and increased sales of analyzers at new branches in Europe.
- sales of analyzers increased due to a recovery in demand and the resolution of parts shortages after the corona pandemic.

Net Sales by Industry

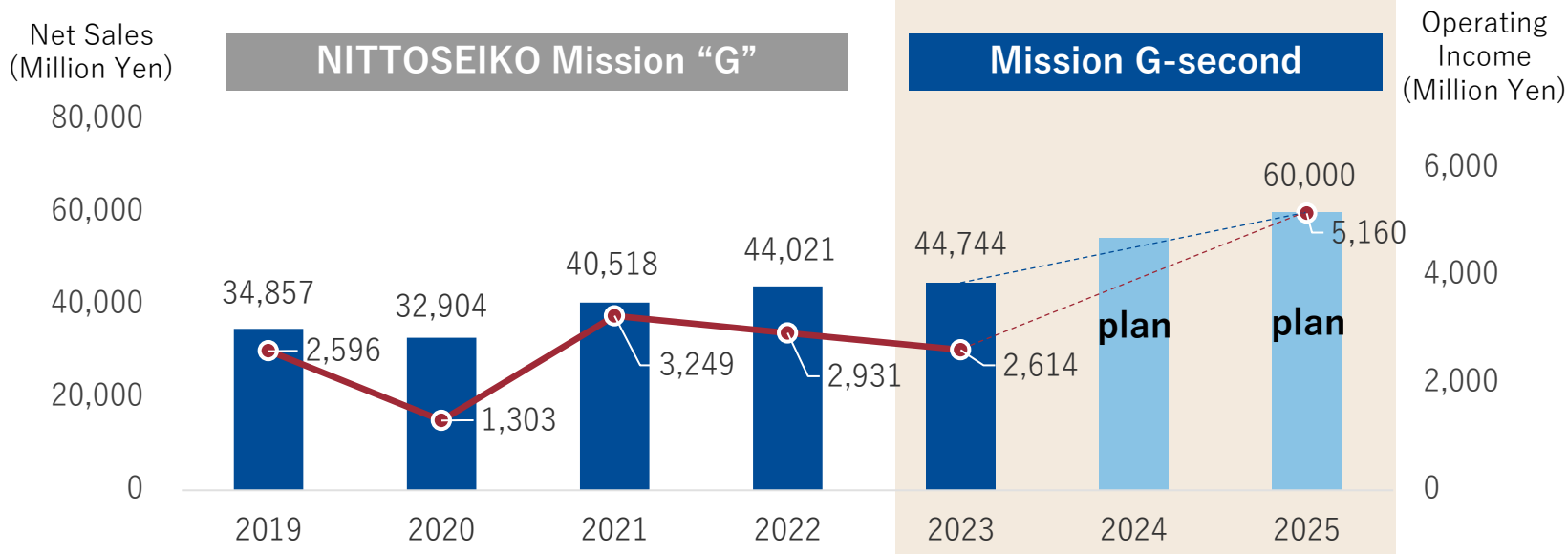
Unit: Mil yen/ %	2022/12	2023/12	YoY	
	Full Year	Full Year	Amount	% Change
Net sales	5,296	5,915	619	11.7
Chemical and pharmaceuticals	1,183	1,412	229	19.4
Energy sector	853	900	47	5.6
Housing and construction	548	438	△ 109	△ 20.0
Electrical and electronic parts	304	414	110	36.2
Automobile	367	411	44	12.0
Ship building	284	306	22	7.8
Environment	272	268	△ 4	△ 1.6
Medical	133	181	47	35.7
Others	1,349	1,580	231	17.2

Net Sales by Region



2. Progress of the Medium-Term Business plan

Progress of the Medium-term Business plan “Mission G-second”



Growth #1 Business Expansion Strategy

	Result FY2023	Target FY2025
Net Sales	44.7 B yen	60 B yen
Operating Income	2.61 B yen	5.16 B yen

	Result FY2023	Target FY2025
CO ₂ emissions (Compared to 2019)	▲16.8%	▲12%
Waste (Compared to 2019)	▲19.0%	▲5%

Growth #3 Human Resource Strategy

	Result FY2023	Target FY2025
Labor productivity (Compared to 2022)	+0.3%	+24%
Engagement score	3.6P	3.8P or more

Growth #4 Financial Strategy

	Result FY2023	Target FY2025
ROIC	5.3%	8% or more
ROE	5.5%	9% or more

Analysis of Cost-of-Capital Management

Issue

Action

Target

① Operating income ratio

High product costs and market competition have resulted in weak operating income ratios.

- Invest strategically in growth markets
- Improve management efficiency
- Expand into new businesses

Achieve the target **operating income margin of 8.6%** since 2019.

② Return-on-capital ratio

Return on capital is below cost of capital (WACC 6.7%) and deviates from market expectations

- Use management resources effectively
- Pursue investment returns
- Reduce capital cost

Early realization of **ROE 9 %**
ROIC 8 %

③ Dialogue with the capital market

Dialogue with the capital market needs to be enhanced and intensified to further increase corporate value.

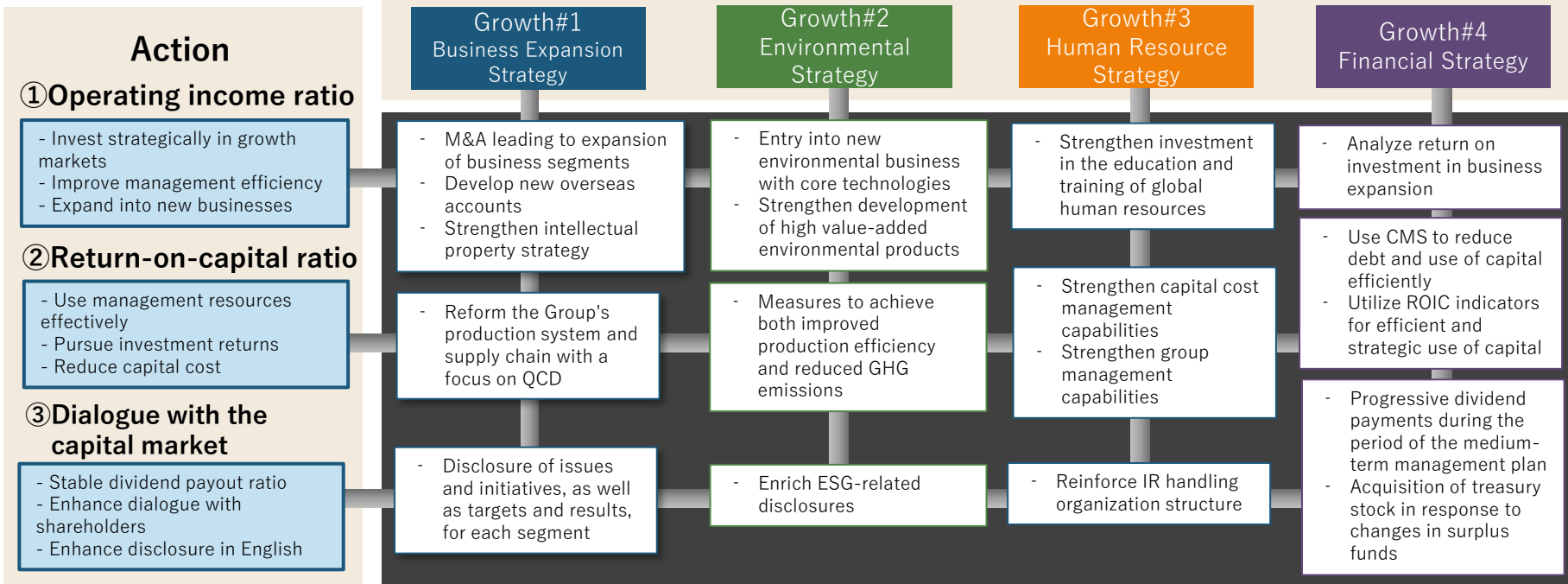
- Stable dividend payout ratio
- Enhance dialogue with shareholders
- Enhance disclosure in English

Achieve and maintain a **P/B ratio of 1.0x or more**

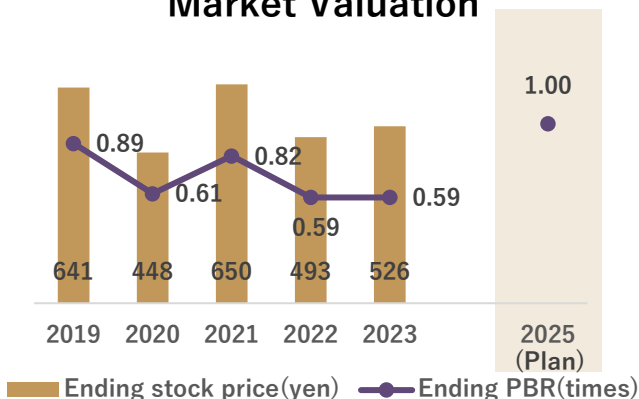
Implement initiatives for each of the 3 issues
in the 4 key strategies of Medium-Term Management Plan Mission G-second

Actions to achieve management with a focus on cost of capital and stock price

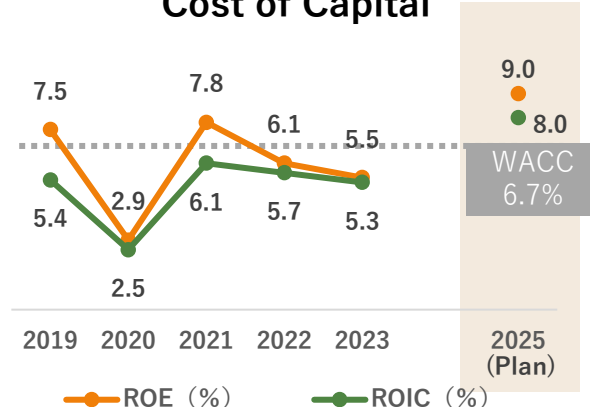
4 key strategies of Mission G-second



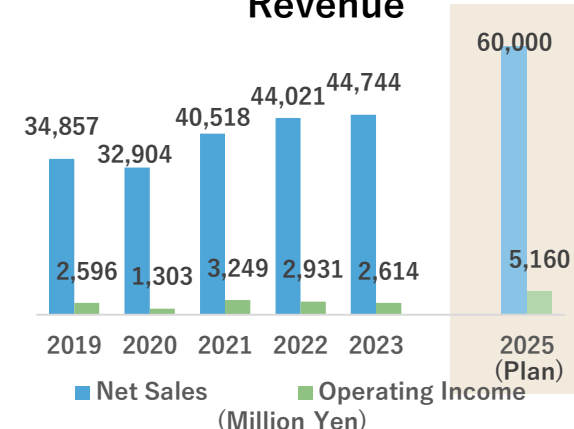
Market Valuation



Cost of Capital



Revenue



Growth#1 Business Expansion Strategy

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Growth#1 Business Expansion Strategy

(Million Yen)

Result FY2022			Result FY2023		YoY		Target FY2025	
Net Sales	44,021	▶	Net Sales	44,744	1.6%	▶	Net Sales	60,000
Operating Income	2,931		Operating Income	2,614	▲10.8%		Operating Income	5,160

		Result FY2023 (Compared to 2022)	Target FY2025 (Compared to 2022)	Comment
Fastener Business	Growth rate	2.0%	Annual average 11.0%	<ul style="list-style-type: none"> Business expansion through M&A. Secure demand in the automobile, housing, and construction sectors. Decrease in profit due to difficult negotiations to pass on higher prices for energy and subsidiary materials.
	Operating income ratio	▲0.2pt	+ 1.5pt	
Assembly Machine Business	Growth rate	▲8.6%	Annual average 25.6%	<ul style="list-style-type: none"> Sluggish capital investment in the mainstay automobile industry. Decrease in profit due to lower orders for special machines and low orders in the U.S.
	Operating income ratio	▲5.0pt	+ 1.2pt	
Control System Business	Growth rate	11.7%	Annual average 11.3%	<ul style="list-style-type: none"> Orders increased due to the establishment of a European base. Profitability improved from 1Q due to price transfer.
	Operating income ratio	+ 1.7pt	+ 1.7pt	
Medical Business	Progress/Target	<ul style="list-style-type: none"> Efforts to bring Mg implants to market Product development, sales promotion 	<ul style="list-style-type: none"> Commercialization Market launch 	<ul style="list-style-type: none"> Obtained a Japanese patent for “High purity bio-soluble magnesium for medical use”. Preparations underway for clinical trials and commercialization.

Growth#1 Business Expansion Strategy

Fastener

NITTOSEIKO

Result by Growth Target

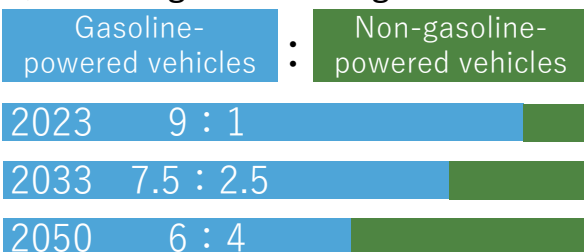
Sales ratio	CASE-related business	Non-Japanese companies	ASSY product demand	Expand industries
Target FY2023	15.0%	2.2%	5.6%	3.7%
Result FY2023	19.6%	2.0%	4.4%	3.5%

CASE-related business

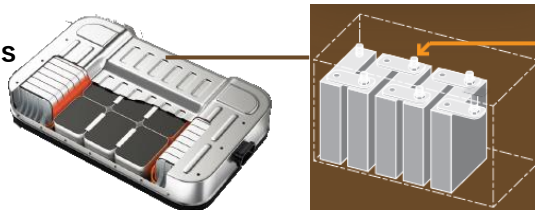
- The number of gasoline-powered vehicles is expected to increase until 2035. →Stable sales to existing customers are still in view.
- Focus on business activities to increase overseas sales ratio whilst keeping an eye on the spread of EVs and FCVs in emerging countries.

CASE-related sales **7,280Mil Yen**
Sales ratio target 15.0% ⇒ Result **19.6%**

(Ref.) Percentage forecast of global vehicle types



Source: IEA Energy Technology Perspectives2015



Used for EV on-board batteries
→ **EV adoption creating a favorable trend**

AKROSE HYBRID

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



JOISTUD

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



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.

TOYO ATSUZU's Bolts



SHINWA SEIKO's Pressed products

Non-Japanese companies

Orders for CP GRIP increased for electronics and automobiles to non-Japanese companies in Korea.

YoY (Korea)
+28Mil Yen
(+32.3%)

CP GRIP

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



Growth#1 Business Expansion Strategy

Fastener

NITTOSEIKO

Expand industries

Make housing and construction the second pillar of our business after automobiles

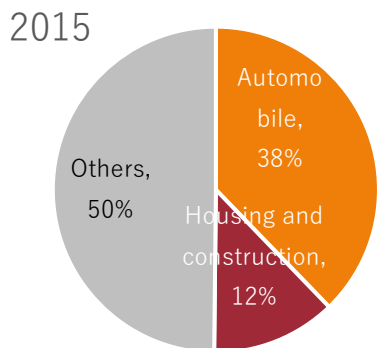
Looking to expand both ZEH and the renovation market

*ZEH = Net Zero Energy House

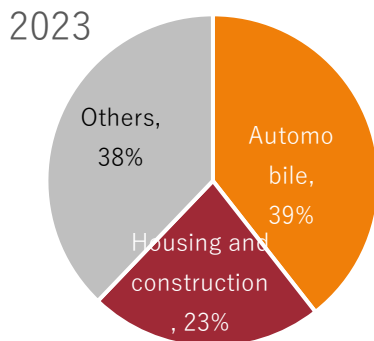
2015 2016 ... 2022 2023

Kyoei Seisakusyo Co., Ltd. becomes a subsidiary.

KM SEIKO Co., Ltd. and Pinning Co., Ltd. become subsidiaries.



Housing and construction
12%



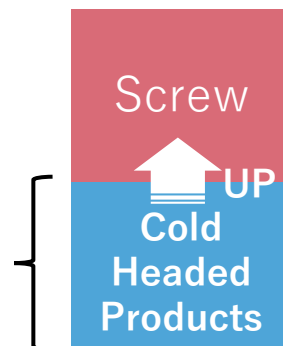
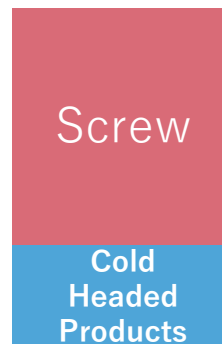
Housing and construction
23%

2,010 Mil Yen **3.7x** in 8 years → 7,467 Mil Yen

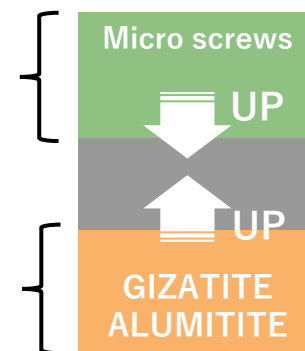
Increase proportion of high value-added products

① Increase proportion of cold headed products

② Increase proportion of micro and original products



Screw Breakdown



Growth#1 Business Expansion Strategy



CASE-related
business

Fastener

Assembly
Machine



EV / LIB business

Control
System

第13回
クルマの軽量化技術展

13rd
AUTOMOTIVE WORLD

SMART ENERGY
WEEK 関西 2023
- World Meets Energy -

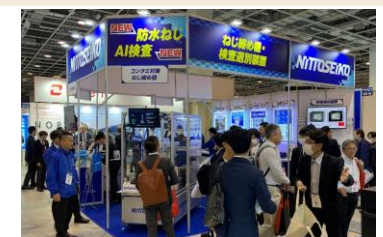
SMART ENERGY WEEK
KANSAI 2023

Period Jan 25-27, 2023
Place TOKYO BIG SIGHT
Participants Approx. 74,000
Companies Approx. 1,400

Period Nov 15-17, 2023
Place INTEX OSAKA
Participants Approx. 12,000
Companies Approx. 180

- Proposed comprehensive solutions including CP GRIP, anti-contamination screw fastening machine, inspection and sorting equipment, etc.
- Demonstration of press-fitting experience and evaluation of chip adhesion property.
- PR for a wide lineup of Group products, including bolts and pressed products

- PR efforts toward rechargeable battery manufacturers, next-generation vehicle manufacturers, and electronics manufacturers.
- Demonstration of the new MISTOL AI
- Nittoseiko Analytech Co., Ltd. also exhibited and proposed solutions including analytical equipment.



Synergy among **NITTOSEIKO Group**
→Received inquiries from 52% of booth visitors

Established a relationship with a **non-Japanese trading company headquartered in Germany**
→Expand relationship to group companies

Growth#1 Business Expansion Strategy

Non-Japanese companies

Fastener

Assembly Machine



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

PR focusing on European automobile, electrical and electronics manufacturers.

Europe

Year 2022

Year 2023

From year 2024

Product expansion of CE models

NX driver T3 series CE compliant

January : Cooperative Robot Partially CE compliant

Market Research

Strengthened relationships with European trading companies and established business routes

Trade show exhibitions

HANNOVER MESSE

Fastener Fair Global

October: International Supplier Fair (Planned)

Office expansion

Establishment of Europe Office

Sales expansion of European parts suppliers

Business development of European trading companies

Trade Show Exhibition Plan in 2024 → PR targeting non-Japanese companies

U.S.

Apr 30-May 2
ASSEMBLY SHOW SOUTH

Oct 8-10
Battery Show

Oct 22-24
ASSEMBLY SHOW

China/
Taiwan

Jun 5-7
Taiwan International Fastener Show

Aug 2-4 (China)
New Energy Auto Technology and Ecological EXPO 2024

Southeast
Asia

Nov (Thailand)
METALEX

Dec
MANUFACTURING INDONESIA

Growth#1 Business Expansion Strategy

Assembly Machine

NITTOSEIKO

Result by Growth Target

Sales ratio	CASE-related business	Non-Japanese companies	Overseas sales	Expand business sectors
Target FY2023	25.4%	11.2%	33.6%	7.2%
Result FY2023	20.7%	12.2%	28.0%	6.7%

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 **1,608Mil Yen**
Sales ratio target 25.4% ⇒ Result **20.7%**



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)
+175Mil Yen
(+56.1%)



Overseas sales

Focusing on the European market, the Company is proceeding with CE marking, RoHS, etc., which will serve as the foundation of its business.

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



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

Growth#1 Business Expansion Strategy

Control
System

NITTOSEIKO

Result by
Growth Target

Sales ratio	Environment business	Semiconductor/ Food market	Overseas ground survey	EV/LIB business
Target FY2023	4.5%	0.2%	1.3%	4.8%
Result FY2023	4.5%	1.2%	0.0%	3.6%

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.

Development of a new product with a larger measurement range and higher accuracy than the conventional product is ongoing.

Sales related to semiconductor/food **77Mil Yen**

Sales ratio target 0.2% ⇒ Result **1.2%**



EV / LIB business

MISTOL AI

Released a new AI-equipped model in the inspection and sorting equipment MISTOL series. It enables higher-performance parts inspection and contributes to automation, especially in the automobile industry.



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.



Exhibited at EV and LIB related trade shows for PR.

The automatic powder resistance measurement system is ideal for evaluation of electronic materials such as electrodes for batteries, which is a growing field.



Growth#1 Business Expansion Strategy

Control System

NITTOSEIKO

Growth#1

• Business partnership leading to expansion of business segments



Environment business



Development of organic solvent recycling and recovery equipment

August 11, 2023 Launched a business alliance with eSep Inc, which has “Membrane separation technology”.

Commercialization toward a carbon-neutral society

Sales plan: from 2025 approx. 120 million yen / year

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

eSep

- Membrane separation technology
- Filter manufacturing technology

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

Organic Solvent Recycling Equipment
*Image

Comparison with conventional process

	Distillation Type		Absorption Type		Membrane Type	
Facility Size	Large	×	Medium, multiple	△	Small	◎
Operability	Continuous process	○	Batch process	△	Continuous process	○
Energy Consumption	Major consumption	×	Medium	△	Most energy-efficient	◎
Total Cost	Large	×	Medium	△	Small	◎
Market Share	50%	○	30%	△	Preparing for Commercialization	△
Cons	Cannot use heat-sensitive materials	×	Decrease in adsorbent performance	△	Cost of membrane	△
Overall Evaluation	×		△		○	

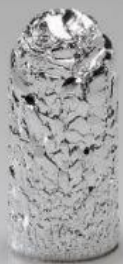
Growth#1 Business Expansion Strategy

Medical

NITTOSEIKO

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

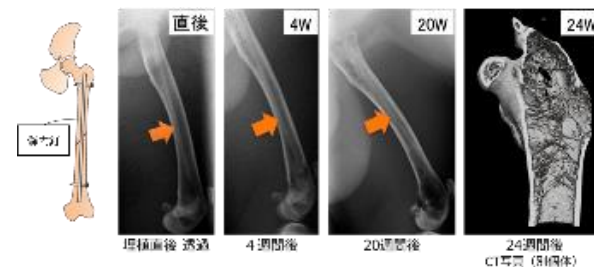
- High purity magnesium of 99.95% or higher, an essential element for humans and extremely safe.
- Starts dissolving after a certain period of time in the body, and then slowly dissolves completely over a long period of time.

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.
- 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.

Growth#1 Business Expansion Strategy

Growth#1

- M&A leading to expansion of business segments

Acquired a manufacturer of cold headed parts (bolts, nuts, etc.) in India

Company Information	
Company Names	Vulcan Forge Pvt. Ltd. Vulcan Cold Forge Pvt. Ltd.
Business	Design, manufacture and sales of forged parts
Sales Destination	Automobile and motorcycle industry, agricultural machinery industry in India
Office Location	①Manesar (Gurugram District) ②Bahadorabad (Haridwar District)
No. of Employees	292 (As of July 2023)
Net Sales (Consolidated)	752 Mil INR(1,369 Mil Yen) Year ended March 31, 2023 ※1INR = 1.82JPY(As of February 20, 2024)



Gurugram Province: More than 50% of Japanese companies, including Suzuki's subsidiary companies, are located in this province.

Strength of In-House Integrated Production

In-house production from wire drawing, heading, rolling, plating, inspection to secondary processing.



Manufacturing and sales of NITTOSEIKO products in India

Strengthen Group Technology

Expansion of product lineup

Sharing sales channels to non-Japanese companies

Sharing purchasing channels

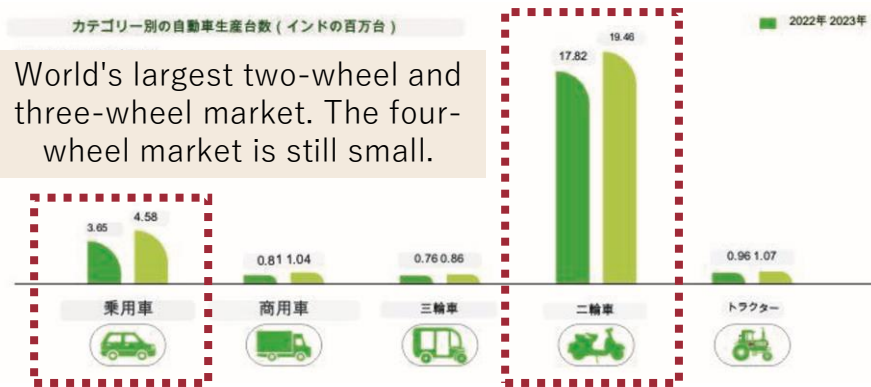


Acquired a manufacturer of cold headed parts (bolts, nuts, etc.) in India



Expectations for growth of the four-wheel and EV markets in India

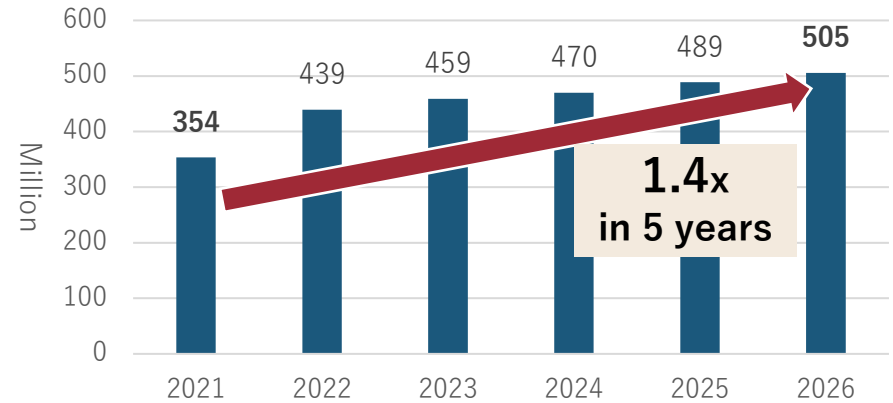
Vehicle Production in India by Category



Source : ACMA Annual report 2023

World's largest two-wheel and three-wheel market. The four-wheel market is still small.

India four-wheel vehicle sales forecast (compact cars)



Source : Global Data

Indian government is actively promoting EVs

"By 2030, 30% of all new passenger cars on the market will be EVs."

Expect growth of the four-wheel market

Leading Japanese automakers announce production increase in India.

- 2026 Increase production line of electric vehicles
- 2028 Construction of new four-wheeled vehicle plant

Expect expansion of the EV market

Growth#2 Environmental Strategy

CO₂ Emissions

Result FY2020-2023

Result FY2023
▲16.8%
 (Compared to 2019)

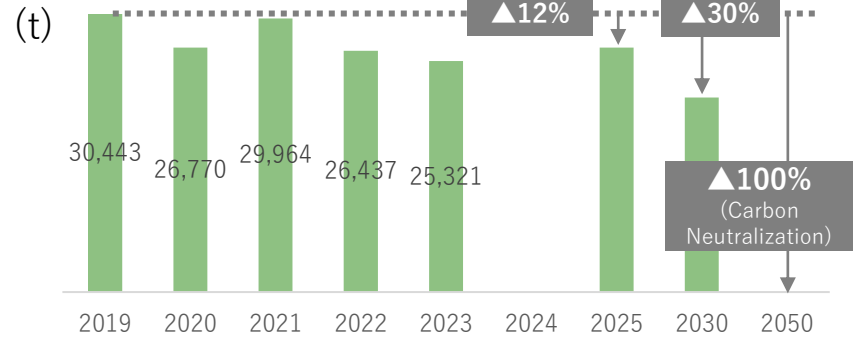
- Installation of Solar Panels (Malaysia)
- Switch to LED lighting
- Switching to renewable electricity
- Measures to improve operating efficiency of production and maintenance
- Other power saving measures



Solar panels
 (Subsidiary in Malaysia)



Solar Panels
 (Ayabe Assembly Machinery Plant)
 →Achieved 100% Green Energy



Plan of Initiatives till 2030

- Installation of solar panels
 Feb 2024: Thailand Fastener Plant
 Winter 2024: Ayabe Fastener Plant
- Reduction of electricity and transportation costs due to new factory construction and layout changes

Target FY2030
▲30%
 (Compared to 2019)

Ayabe Fastener Plant
 Restructure Plan



Waste

Result FY2023

▲19.0%

Target FY2025

▲5%

(Compared to 2019)

Waste volume remained flat due to an increase in the number of manufacturing bases following M&A. Promoting reduction of alkali waste and plating sludge, and conversion of waste plastics into solid fuel and reduction of their volume.

ESG support for customers

Cold headed parts

- Expansion of TAPTITE product lineup
- Diversification of dissimilar metal joining
- Lightweight parts fastening support
- Conversion from machining to cold heading
- Development of new fastening technology

Assembly Machine

- Weight reduction of products
- Improving energy efficiency of products
- Promoting automation
- Sales of environmentally friendly products
- Improvement of product precision

Medical Device

- Commercialization of bio-soluble implants

Labor productivity

Result FY2023
+0.3%
 (Compared to 2022)

Engagement score

Result FY2023
3.6pt

Platinum Kurumin

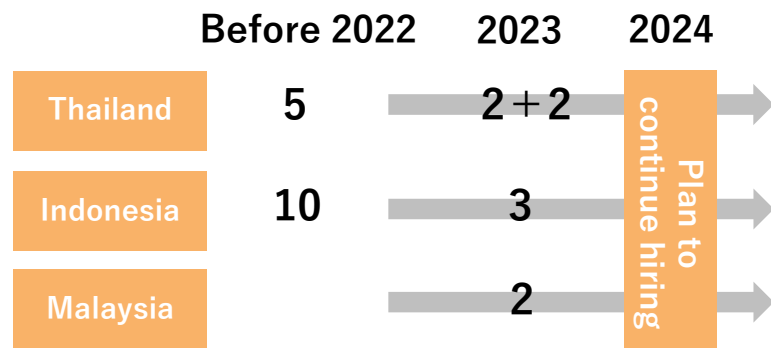
Certification by the Ministry of Health, Labor and Welfare for particularly excellent "childcare support" companies in accordance with the Law for Measures to Support the Development of the Next Generation.



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

Strengthen investment in the education and training of global human resources

Actively recruit technical intern trainees and specified skilled workers. Strengthen the technical skills at local subsidiaries and appoint local leaders.



Strengthen capital cost management capabilities and group management capabilities

Transition to a divisional structure

NITTOSEIKO transitioned to a divisional business structure. Segment-based management system was put in place to strengthen group management control.

Renewal of 'Our Credo' handbook

Renewal of "Our Credo," an original textbook for human resource education. The textbook will be distributed to group companies to promote the philosophy and achieve the mid-term management plan.



Training to strengthen the cost of capital management performance

The educational video "N Library," in which employees serve as instructors, is being spread throughout the Group. Contents related to human resources strategy and financial strategy in the mid-term management plan are also included to strengthen the cost of capital management performance.

Growth#4 Financial Strategy

GROWTH#4 Financial Strategy

Result FY2022			Result FY2023			Target FY2025	
ROIC	5.7%	▶	ROIC	5.3%	▶	ROIC	8%以上
ROE	6.1%		ROE	5.5%		ROE	9%以上

Analyze return on investment in business expansion

Improve Fixed Asset Turnover

The Company 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.

Acquisition of treasury stock

2023
219Mil Yen/400k stocks

Acquired treasury stock to improve shareholder returns and capital efficiency, and to execute a flexible capital policy in response to changes in the business environment.

Effect of CMS on debt reduction

Interest-bearing debt Year Ended 2022 Year Ended 2023
2.99Bil Yen ▶ **1.93Bil Yen**

Interest expense FY2022 FY2023
25Mil Yen ▶ **17Mil Yen**

Reduced interest-bearing debt through CMS. Plan to reduce 200 million yen of interest-bearing debt in FY2024. In addition, group funds will be utilized for highly effective investments, taking into account the cost of capital.

3. Forecast for the Fiscal Year Ending Dec 31, 2024

Forecast for FY2024 (Consolidated)

Unit : Million yen/%	2023/12 Full Year		2024/12 Full Year (Forecast)		YoY	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount Change	% Change
Net sales	44,744	100.0	48,200	100.0	3,455	7.7
Operating profit	2,614	5.8	3,300	6.8	685	26.2
Ordinary profit	2,835	6.3	3,500	7.3	664	23.4
Net income attributed to shareholders of the parent company	1,734	3.9	2,100	4.4	365	21.1
Net income per share (yen)	46.95		57.46			

Main points

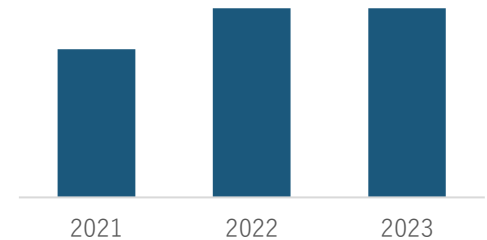
Net Sales

- While the first half of this fiscal year is expected to remain weak due to inventory adjustments and the slowdown in economic growth in major countries, an overall group recovery is expected from the second half of this fiscal year as the excess inventory is being resolved and capital investment appetite is gradually increasing.

Operating Income

- Plans to improve profitability by consolidating fastener factories and passing on material and labor costs to sales prices.

Changes in the balance of order backlog

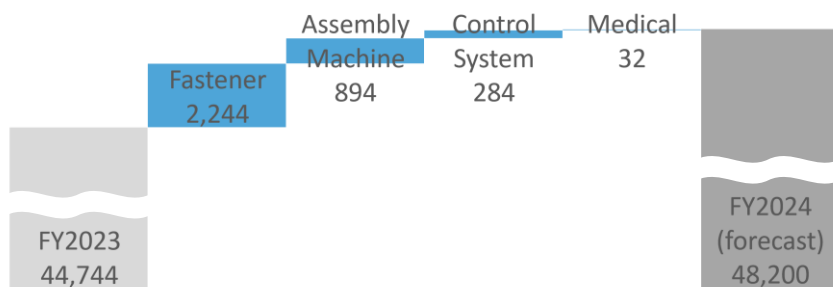


Net Sales and Operating Income Forecast by Segment (Consolidated)



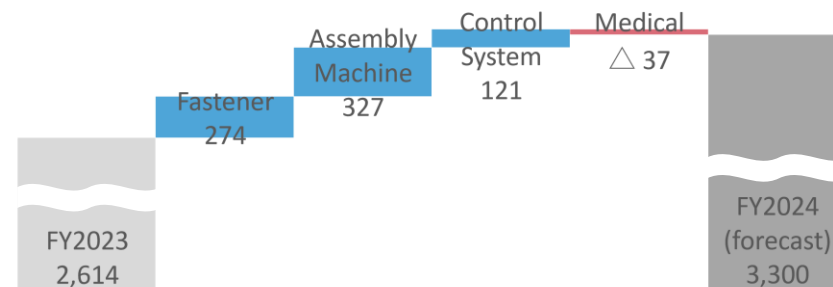
(Million Yen)

Change in net sales by segment



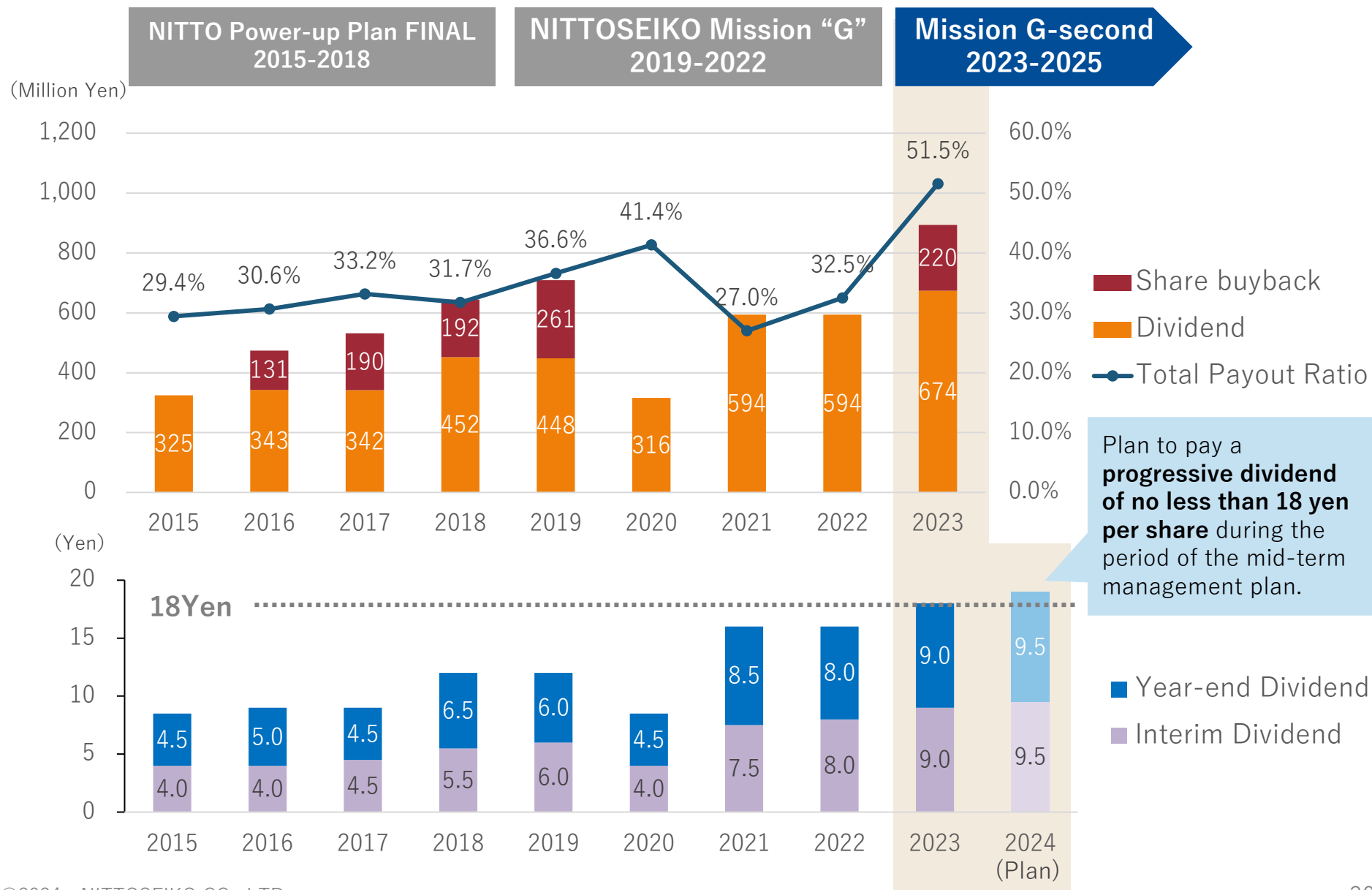
(Million Yen)

Change in Operating Income by segment



Business	Major market trend		Initiatives for this fiscal year	Changes in the balance of order backlog
Fastener Business	Automobile	EV-related demand is growing, and orders are expected to gradually increase toward the second half of the year.	The Company will work on reducing manufacturing costs innovatively, as well as passing on sales prices to improve margins from soaring raw material costs.	
	Housing and construction	Expectations for the renovation market, etc.		
Assembly Machine Business	Automobile	Higher interest in capital investment is expected to continue in the CASE business.	For its mainstay screw fastening machines, the Company will introduce new products that can respond to environmental concerns and increasingly complex shapes to differentiate itself from competitors, and expand not only in the automotive industry but also in a wider range of industries and overseas markets.	
	Energy sector	Demand for gas meters and electricity meters, areas of strength, is expected to increase.		
Control System Business	Chemical and pharmaceuticals	Increased demand for renewal of flow meters from capital investment is expected to continue.	The Company will strive to develop new products related to inspection equipment and meet the needs for labor saving and automation, and continue to drive sales price revisions and cost reductions, such as in-house production of machined parts.	
	Ship building			
	Automobile	Demand for analyzer-related products is also expected to increase in the automotive industry against the backdrop of the shift to EVs.		
Medical Business	Development plan	The Company will work to develop manufacturing facilities and conduct non-clinical and clinical trials of "High purity bio-soluble magnesium for medical use." The Company will also expand sales of medical device products and develop new products.		

Shareholder Returns



4. Appendix

Balance Sheet (Consolidated)

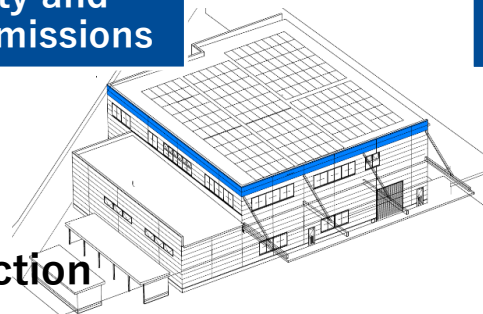
Unit : Million yen/%	Year ended Dec 2022		Year ended Dec 2023		YoY	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount change	% Change
Assets						
Total current assets	34,342	64.3	33,822	63.4	△ 519	△ 1.5
Cash and deposits	9,098	17.0	8,849	16.6	△ 248	△ 2.7
Notes and accounts receivable – trade Electronically recorded monetary claims - operating	13,986	26.2	12,794	24.0	△ 1,192	△ 8.5
inventory	10,081	18.9	11,023	20.7	942	9.3
Total non-current assets	19,065	35.7	19,521	36.6	455	2.4
Non-current assets	14,085	26.4	14,129	26.5	44	0.3
Intangible assets	1,146	2.1	999	1.9	△ 146	△ 12.8
Investments and other assets	3,833	7.2	4,391	8.2	558	14.6
Total assets	53,408	100.0	53,344	100.0	△ 63	△ 0.1
Liabilities						
Total current liabilities	14,601	27.3	12,901	24.2	△ 1,700	△ 11.6
Notes and accounts payable - trade Electronically recorded obligations – operating	9,015	16.9	8,615	16.2	△ 399	△ 4.4
Short-term borrowings	2,436	5.6	1,574	3.0	△ 862	△ 35.4
Total non-current liabilities	4,304	8.1	4,040	7.6	△ 264	△ 6.1
Total liabilities	18,906	35.4	16,941	31.8	△ 1,964	△ 10.4
Net assets						
Share capital	3,522	6.6	3,522	6.6	–	–
Capital surplus/Retained earnings	28,208	52.8	29,400	55.1	1,191	4.2
Treasury shares	△ 1,246	△ 2.3	△ 1,562	△ 2.9	△ 315	–
Total net assets	34,501	64.6	36,402	68.2	1,900	5.5

Cash Flow Statement (Consolidated)

Unit: Million yen / %	Year ended Dec 2022	Year ended Dec 2023		
	Amount	Amount	Amount change	% Change
CF from operating activities ※①	999	3,151	2,152	215.4
CF from investing activities ※②	△ 1,987	△ 1,187	799	△ 40.2
(Free CF) ※①+②	△ 987	1,963	2,951	△ 298.8
CF from financing activities	△ 1,301	△ 2,074	△ 773	59.4
Net increase (decrease) in cash and cash equivalents	△ 2,129	△ 278	1,850	△ 86.9
Cash and cash equivalents at beginning of period	10,435	8,305	△ 2,129	△ 20.4
Cash and cash equivalents at end of period	8,305	8,027	△ 278	△ 3.4

Unit : Million Yen	2021/12	2022/12	2023/12	2024/12 (Forecast)
	Amount	Amount	Amount	Amount
Capital Investment	1,171	1,122	1,299	1,350
M&A expenses	0	2,133	-	2,000
R&D expenses	715	764	737	1,000
Total	1,886	4,019	2,036	4,350
(Depreciation)	1,294	1,421	1,489	1,450

Improved productivity and quality, reduced CO₂ emissions



New factory construction and layout changes

- 2023: 2nd construction - Layout changes of Yata plant
- 2024: 3rd construction – Partial transfer of headquarters plant to Yata plant (plan)

Renewal of equipment to improve processing quality



- 2023: Introduction of a vertical machining center
- 2024: Introduction of a multitasking machine and a machining center (plan)

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.

NITTOSEIKO

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.