

Quarterly Report for the fiscal year ended December 2024

Feb 7th, 2024
NITTOSEIKO CO., LTD.
(Issue code: Tokyo Stock Exchange Prime 5957)



Summary of Financial Results

Unit: Million yen / %	FY2023 Full Year		FY2024 Full Year		YoY		FY2024 Results Compared to forecast (as of Nov. 13, 2024)		
	Amount	Ratio(%)	Amount	Ratio(%)	Amount change	% Change	Forecast amount	Amount change	% Change
Net sales	44,744	100.0	47,069	100.0	2,325	5.2	48,200	△ 1,130	△ 2.3
Gross profit	10,183	22.8	11,240	23.9	1,057	10.4			
Selling, general and administrative expenses	7,568	16.9	7,914	16.8	345	4.6			
Operating income	2,614	5.8	3,326	7.1	712	27.3	3,300	26	0.8
Ordinary income	2,835	6.3	3,573	7.6	738	26.0	3,500	73	2.1
Net income for current period before income taxes	2,830	6.3	3,442	7.3	611	21.6			
Net income attributed to shareholders of the parent company	1,734	3.9	2,199	4.7	464	26.8	2,100	99	4.7
Net income per share (yen)	46.95		60.18				57.46		

Main points

Net Sales

- In the control system segment, the following were especially strong; analytical instruments for energy-related applications, analytical instruments compliant with PFAS regulations in Europe and the U.S., and parts inspection machines for automobiles against the backdrop of labor shortages. Products for office automation equipment in China and Southeast Asia were also strong in the fastener segment. In addition, sales increased 5.2% YoY due to progress in price pass-through of screw driving machines in the assembly machine segment.

Operating Income

- Profit increased 27.3% YoY due to progress in price transfer of screw driving machines in the assembly machine segment, and shipments of high value-added analytical instruments.

Overseas

- Sales increased due to strong performance of analytical instruments in Europe, and with new sales of analytical instruments in China after revision of the commercial channel. Sales of fastener products for office automation equipment were also strong in China and Southeast Asia, and foreign exchange effects from the weaker yen also contributed to higher sales.

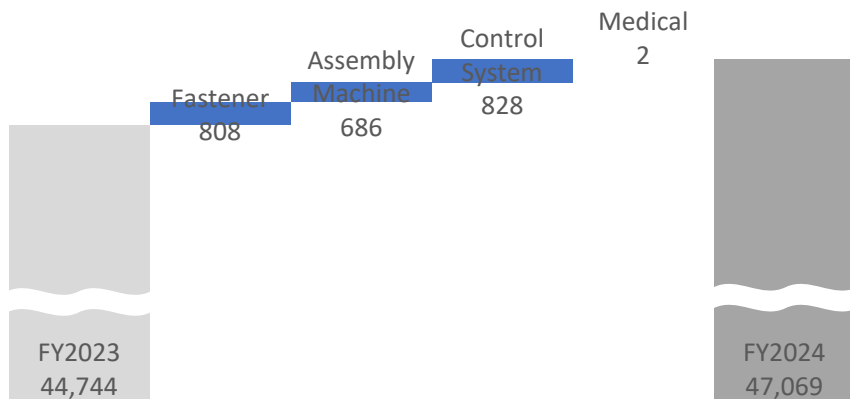
Net Sales and Operating Income by Segment (Consolidated)



Unit: Million yen / %		FY2023 Full Year	FY2024 Full Year	YoY	
				Amount change	% Change
Fastener	Net sales	32,855	33,664	808	2.5
	Operating income	1,625	1,636	10	0.7
	Profit ratio	4.9	4.9		
Assembly Machine	Net sales	5,955	6,642	686	11.5
	Operating income	822	1,141	319	38.9
	Profit ratio	13.8	17.2		
Control System	Net sales	5,915	6,743	828	14.0
	Operating income	278	669	390	140.4
	Profit ratio	4.7	9.9		
Medical	Net sales	17	19	2	15.2
	Operating income	△ 112	△ 120	△ 8	—
	Profit ratio	△ 654.4	△ 612.3		

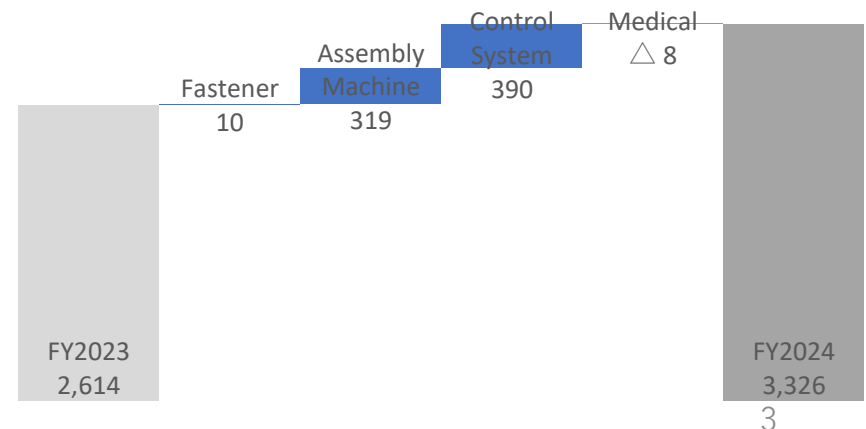
(Million Yen)

Change in Net Sales by Segment



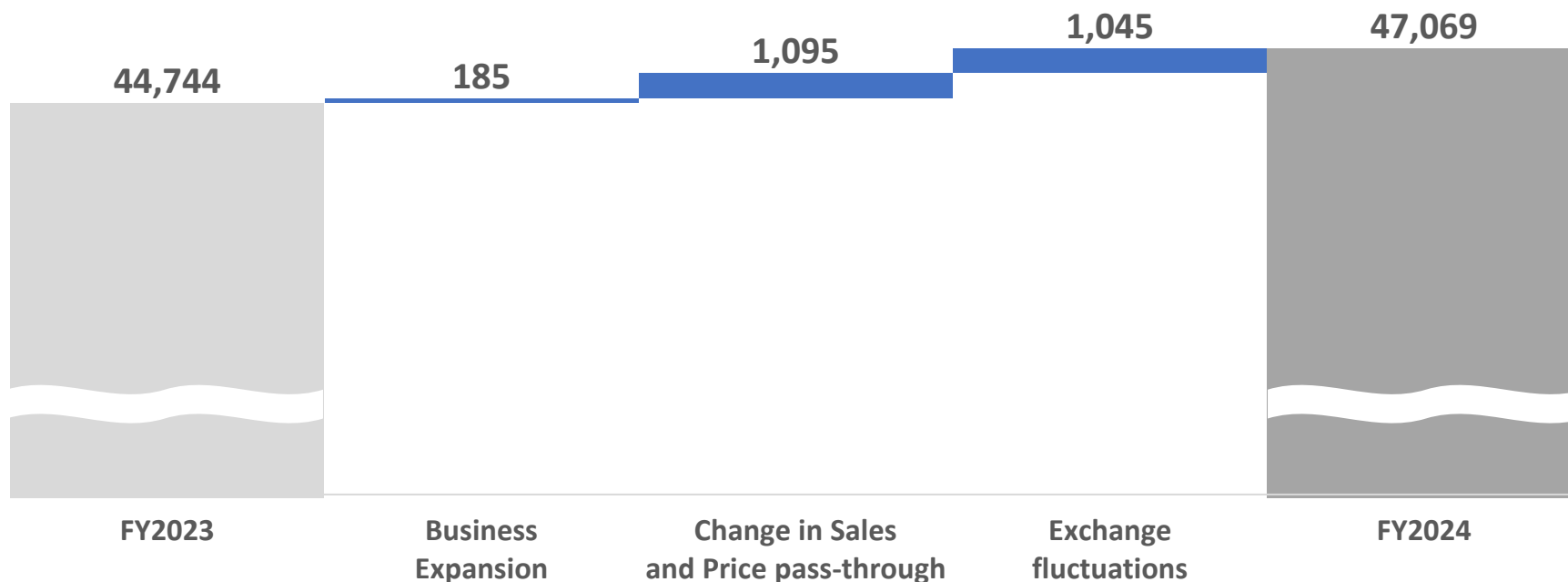
(Million Yen)

Change in Operating Income by Segment



Summary of Financial Results - Net Sales

Million Yen



Business Expansion

Nittoseiko Analytech Europe GmbH, which established in April 2023 contributed to the sales.

Change in Sales

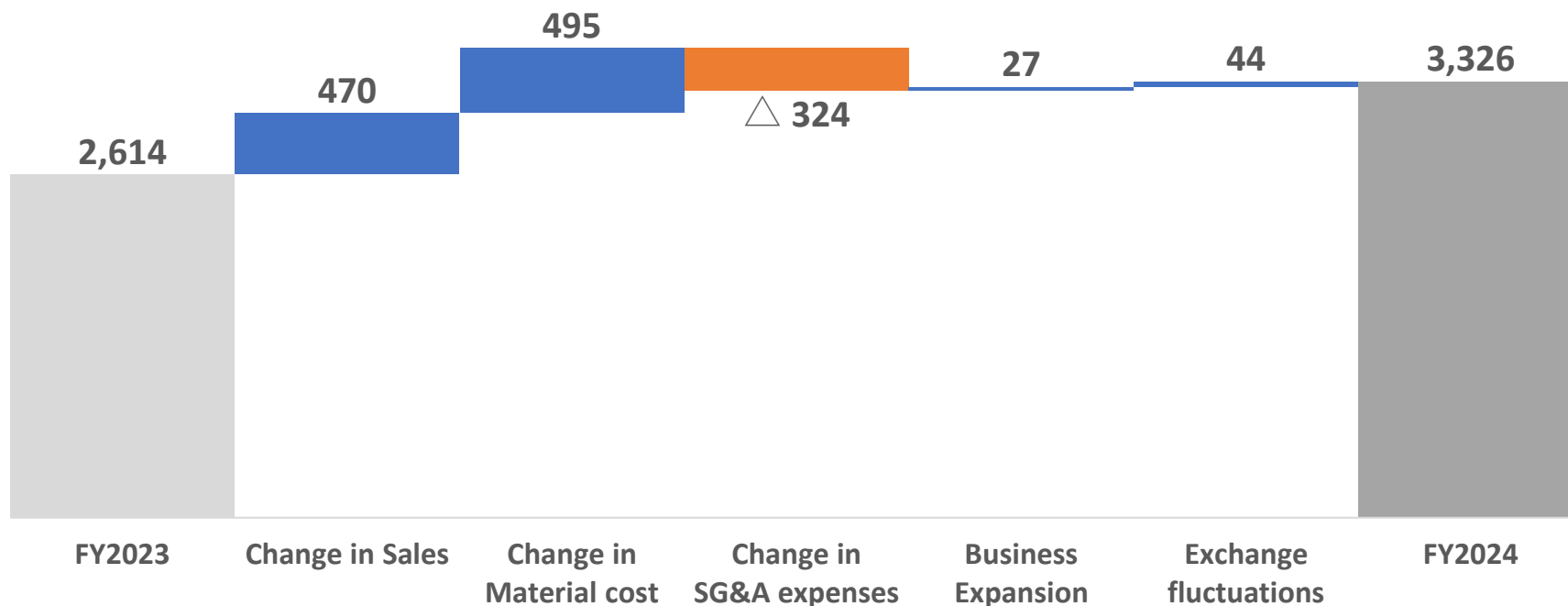
Analytical instruments for energy-related and environmental fields, and parts inspection machines for automobiles were strong in the control system segment. Products for office automation equipment in the fastener segment also performed well.

Price Pass-through

Price pass-through of screw driving machine related products has progressed. Negotiations continue for other products.

Summary of Financial Results - Operating Income

Million Yen



Change in Material cost

The cost ratio improved due to the effective price pass-through related to screw driving machines. In addition, shipments of high value-added analytical instruments also contributed.

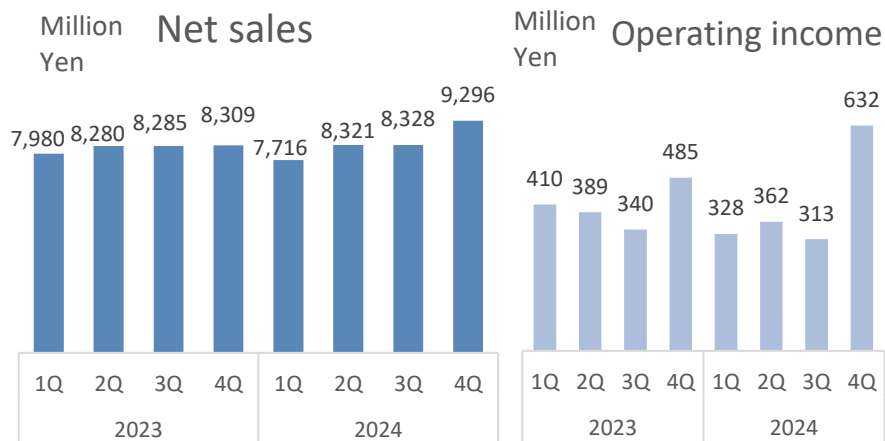
Change in SG&A expenses

Labor costs increased approximately 3.8% (approx. 126 million yen) from the previous year due to wage increases.

Business Expansion

Nitto Seiko Analytech Europe GmbH, which established in April 2023 contributed to the sales.

Overview of Results by Segment - Fastener Segment



Outlook

- Despite the impact of construction industry plan delays, net sales increased YoY due to demand for batteries for mainstay automobiles and demand for home appliances and digital equipment in Southeast Asia.
- Operating income increased slightly YoY due to gradual effect of price transfer in the latter half of 4Q to reflect higher costs for wire rods (main material), sub-materials, wages, and logistics costs.
- The resin-coated anti-loosening screw “NC GRIP” and the clinching stud bolt with embedded head “JOISTUD-FH” were launched, in November and December, respectively.

Industry Comments

◆Automobile

- Despite the impact of production halt caused by the type certification issue of domestic automakers, sales of our original “GIZATITE” anti-loosening screws, “ASFA” screws with built-in washers, “CP GRIP” screws to prevent scattering of fastening dust, and precision press products for CASE and various EVs remained strong. Inquiries about “JOISTUD,” which enables lighter and thinner fastenings, and “AKROSE,” which joins dissimilar metals for batteries, were also strong.

◆Housing and construction

- Despite domestic demand, sales declined due to the industry's serious shortage of labor and delays in plans caused by soaring material prices. Sales is expanding for the new product “CUP BOLT (launched in 2024),” which eliminates the need for spring washers and flat washers.

◆Electrical and electronic parts

- Despite weak consumption in Europe and China, sales increased due to a recovery trend in demand for home appliances in Southeast Asia. “CP Grip” for data center applications is performing well due to AI demand.

◆Household goods

- Sales of precision screws declined as stay-at-home demand in the game console market calmed down, but demand increased from the 4Q. Expected to continue.

◆IT and digital equipment

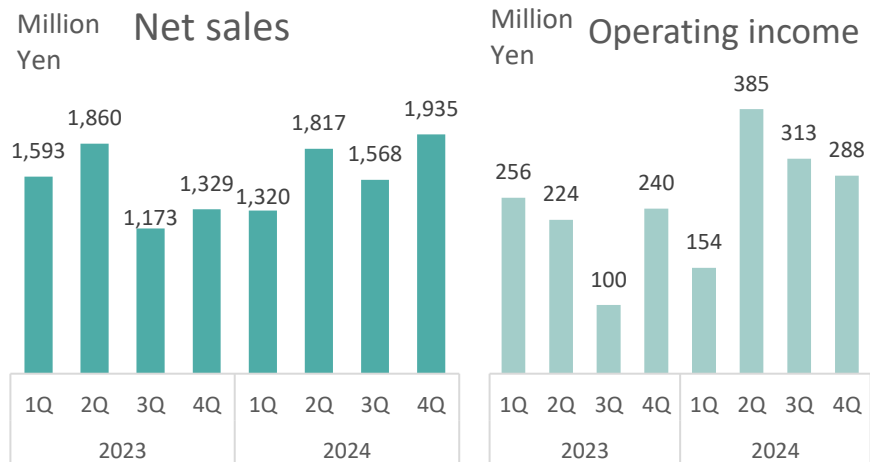
- Sales for office automation equipment increased in China, Malaysia and Indonesia.

◆Precision equipment

- Sales of lenses and other products for imaging and optics increased in Japan.

Unit: Mil yen/ %	FY2023	FY2024	YoY	
	Full Year	Full Year	Amount	% Change
	Amount	Amount	Amount	% Change
Net Sales	32,855	33,664	808	2.5
Automobile	13,052	13,259	206	1.6
Housing and construction	7,466	7,268	△ 198	△ 2.7
Electrical and electronic parts	4,583	4,830	246	5.4
Household goods	2,140	2,085	△ 54	△ 2.6
IT and digital equipment	1,254	1,745	490	39.1
Precision equipment	1,098	1,371	272	24.8
Medical	289	302	12	4.4
Others	2,970	2,801	△ 168	△ 5.7
Operating Income	1,625	1,636	10	0.7

Overview of Results by Segment – Assembly Machine Segment



Outlook

- Net sales increased YoY due to increased domestic demand for screw driving machines in the mainstay automobile industry and increased demand from non-existing industries for electrification and automation to cover labor shortages, despite the impact of slowing EV sales worldwide and stagnant capital investment prior to the presidential inauguration.
- Operating income increased YoY due to improved cost of sales ratio in screw driving machines because of progress in price transfer from the 2Q period.

Industry Comments

◆Automobile

- Although overseas sales were affected by stagnant capital investment in the U.S. and a slowdown in EV sales worldwide, sales were strong due to increased production of CASE-related products in Japan and steady sales of screw driving machines for new installation lines.

◆Electrical and electronic parts

- Despite a rebound from last year's large equipment orders, sales increased slightly YoY due to an increase in assembly machines for pneumatic equipment.

◆Energy

- Slight increase due to renewal demand for equipment for smart meters and watt meters.

◆Amusement machine

- Decreased in response to last year's large equipment orders.

◆IT and digital equipment

- Decreased in response to last year's orders for cell phones in South Korea.

◆Household goods

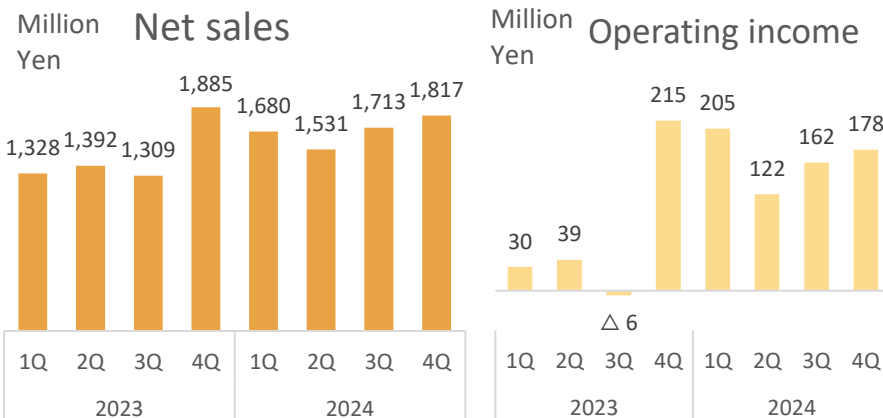
- Received new order for child seat screw driving machine.

◆Others

- Sales increased due to large projects for general-purpose engine equipment, furniture assembly equipment, and orders from semiconductor equipment manufacturers.

Unit: Mil yen/%	FY2023	FY2024	YoY	
	Full Year	Full Year	Amount	% Change
Net Sales	5,955	6,642	686	11.5
Automobile	3,410	3,626	215	6.3
Electrical and electronic parts	1,026	1,036	10	1.0
Energy sector	199	218	18	9.0
Housing and construction	180	186	6	3.3
Amusement machine	212	156	△ 56	△ 26.3
IT and digital equipment	178	125	△ 52	△ 29.2
Household goods	17	64	47	269.2
Others	728	1,227	498	68.3
Operating Income	822	1,141	319	38.9

Overview of Results by Segment – Control System Segment



Outlook

- Sales of analytical instruments were strong, especially in the chemical, pharmaceutical, and energy-related industries. In addition, sales of analytical instruments in Europe against the backdrop of PFAS regulations in the environment field and large orders of parts inspection machines for automobiles led to higher sales and profit YoY.
- In addition to the new product development and joint development of organic solvent recycling business, the company will promote cost visualization, in-house production of machined parts, efficient assembly production, and sales price revisions.

Industry Comments

◆Chemical and pharmaceutical

- Sales of analytical instruments in North America remained strong. Sales channels are being expanded with new sales through a subsidiary in China after revision of the commercial channel.

◆Energy

- Sales increased due to special demand for moisture and titration meters for oil refineries in Central and South America.

◆Automobile

- Sales increased significantly due to large orders for MISTOL parts inspection equipment. Demand for resistivity meters for battery materials, etc. also increased.

◆Environment

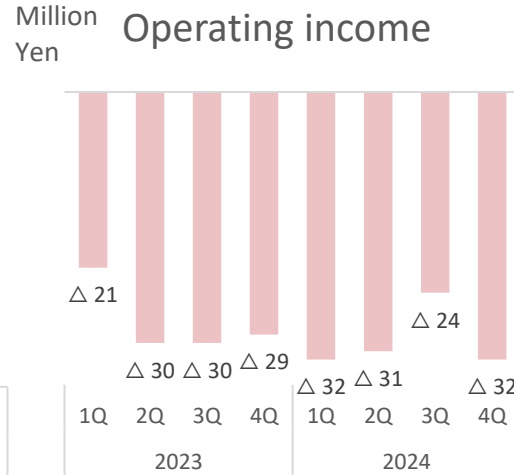
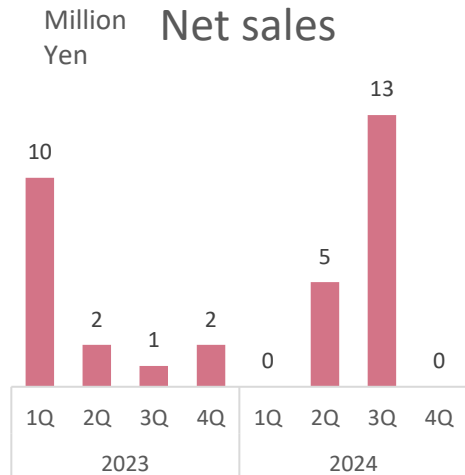
- Demand for analysis of organic fluorine due to the PFAS regulations increased significantly and drove sales of the new Automatic Quick Furnace AOF/AQF-5000H, launched in 2024. Inquiries about microbubbles are increasing due to interest in environmentally friendly products.

◆Housing and construction

- Sales of ground investigation equipment “GEOKARTE IV” remained sluggish due to a lack of growth in the number of detached housing starts. First sales were made in 3Q to the Provincial Highway Department of the Ministry of Transport, Thailand.

Unit: Mil yen/ %	FY2023	FY2024	YoY	
	Full Year	Full Year		
	Amount	Amount	Amount	% Change
Net Sales	5,915	6,743	828	14.0
Chemical and pharmaceuticals	1,412	1,481	68	4.8
Energy sector	900	1,212	311	34.6
Automobile	411	727	316	76.9
Environment	268	649	381	142.3
Electrical and electronic parts	414	334	△ 80	△ 19.3
Housing and construction	438	309	△ 129	△ 29.5
Ship building	306	294	△ 11	△ 3.9
Medical	181	153	△ 28	△ 15.6
Food	91	149	57	63.0
Others	1,489	1,430	△ 58	△ 3.9
Operating Income	278	669	390	140.4

Overview of Results by Segment – Medical Segment



Outlook

- The medical illuminator “FREELED” did not achieve full adoption despite efforts to collect market needs and offer proposals while reducing costs, a high customer demand after the COVID-19 pandemic. Going forward, the company will continue to focus on strengthening PR through sales companies, aiming for full adoption of the product.
- Following the acquisition of a patent in Japan in 2023, a U.S. patent for “High purity bio-soluble magnesium for medical use” was granted in July 2024. Patents already filed in six other major countries are scheduled to be granted sequentially. The company currently working to launch the product by preparing integrated manufacturing facilities, producing samples for non-clinical studies, and conducting performance tests, as well as preparing to obtain regulatory approval to market the product for medical use. The company to obtain ISO13485 certification, a quality standard for medical devices, in the first half of this year to establish a manufacturing system. In parallel, the company is gathering information on the applicability of this material.
- A system is being set up to acquire new medical device manufacturing contracts utilizing our existing technologies.

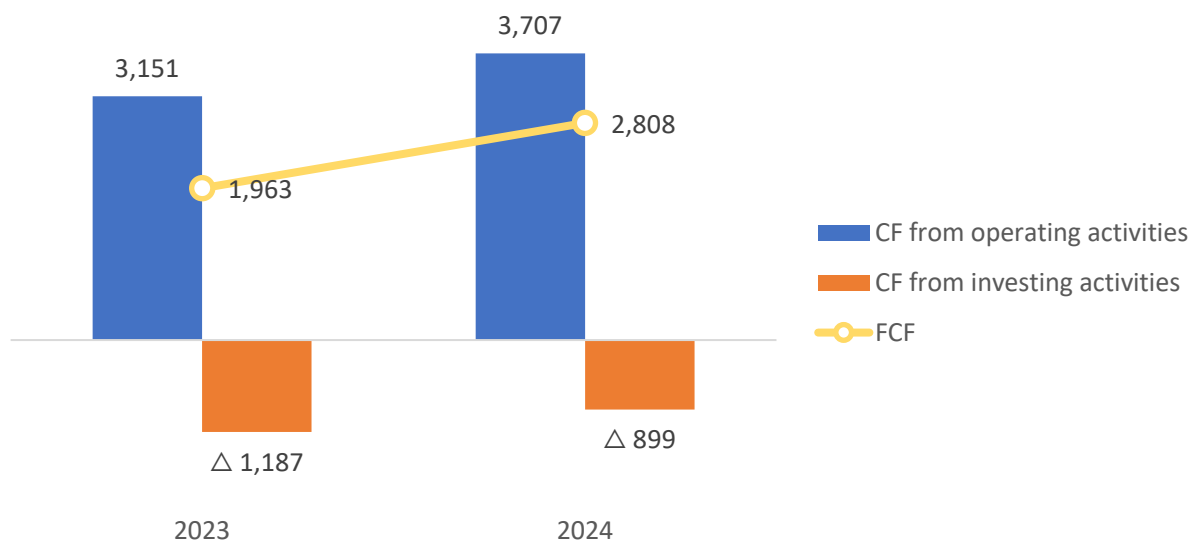
Unit: Mil yen/ %	FY2023	FY2024	YoY	
	Full Year	Full Year	Amount	% Change
	Amount	Amount	Amount	% Change
Net Sales	15	19	4	27.0
Medical	15	19	4	27.0
Others	—	—	—	—
Operating Income	Δ 82	Δ 88	Δ 5	—

Balance Sheet (Consolidated)

Unit : Million yen/%	Year ended Dec 2023		Year ended Dec 2024		YoY	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount change	% Change
Assets						
Total current assets	33,822	63.4	36,504	65.7	2,681	7.9
Cash and deposits	8,849	16.6	10,580	19.0	1,730	19.6
Notes and accounts receivable –	12,794	24.0	13,318	24.0	523	4.1
inventory	11,023	20.7	10,992	19.8	△ 30	△ 0.3
Total non-current assets	19,521	36.6	19,099	34.3	△ 421	△ 2.2
Non-current assets	14,129	26.5	14,003	25.2	△ 126	△ 0.9
Intangible assets	999	1.9	864	1.6	△ 135	△ 13.5
Investments and other assets	4,391	8.2	4,231	7.6	△ 159	△ 3.6
Total assets	53,344	100.0	55,604	100.0	2,260	4.2
Liabilities						
Total current liabilities	12,901	24.2	13,200	23.7	298	2.3
Notes and accounts payable -	8,615	16.2	8,835	15.9	219	2.5
Short-term borrowings	1,574	3.0	1,325	2.4	△ 249	△ 15.8
Total non-current liabilities	4,040	7.6	3,812	6.9	△ 227	△ 5.6
Total liabilities	16,941	31.8	17,012	30.6	71	0.4
Net assets						
Share capital	3,522	6.6	3,522	6.3	—	—
Capital surplus / Retained earnings	29,400	55.1	30,793	55.4	1,393	4.7
Treasury shares	△ 1,562	△ 2.9	△ 1,778	△ 3.1	△ 216	—
Total net assets	36,402	68.2	38,591	69.4	2,188	6.0

Cash Flow Statement (Consolidated)

Unit: Million yen / %	FY2023	FY2024		
	Amount	Amount	Amount change	% Change
CF from operating activities ※①	3,151	3,707	556	17.7
CF from investing activities ※②	△ 1,187	△ 899	288	-
(Free CF) ※①+②	1,963	2,808	845	43.0
CF from financing activities	△ 2,074	△ 1,426	647	-
Net increase (decrease) in cash and cash equivalents	△ 278	1,577	1,856	-
Cash and cash equivalents at beginning of period	8,305	8,027	△ 278	△ 3.4
Cash and cash equivalents at end of period	8,027	9,604	1,577	19.7



2. Forecast for the Fiscal Year Ending Dec 31, 2025

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.

Forecast for FY2025 (Consolidated)

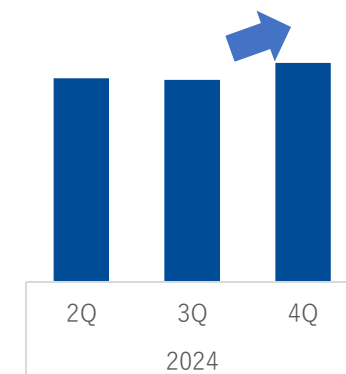
Unit : Million yen/%	FY2024		FY2025 (Forecast)		YoY	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount Change	% Change
Net sales	47,069	100.0	50,100	100.0	3,030	6.4
Operating profit	3,326	7.1	3,600	7.2	273	8.2
Ordinary profit	3,573	7.6	3,700	7.4	126	3.5
Net income attributed to shareholders of the parent company	2,199	4.7	2,300	4.6	100	4.6
Net income per share (yen)	60.18		63.46			

Main points

Net Sales

- In the current fiscal year, the mainstay for automobile market in domestic sales is expected to be strong, while overseas markets are expected to remain sluggish. Overall sales are expected to increase due to further growth in domestic sales of fastener products for automotive CASE-related applications, an area of strength, as well as a high level of orders for precision components. In addition, demand for automated assembly equipment and automated inspection equipment, which relieve labor shortages, is expected to further increase. Furthermore, the environment-related business, including analytical instruments and organic solvent recycling equipment, is expected to contribute to performance and boost overall group sales.

Change in order backlog



Operating Income

- Profit in all businesses is expected to remain favorable due to further price pass through. Increase the sales ratio of high value-added products such as screw driving standard machines and fasteners in the industrial machinery business to supplement the overall sales ratio of the control business, which suffered a rebound from the previous fiscal year. The company expect to gradually see the effects of efforts to reduce variable costs, such as material reviews and reductions in transportation costs through factory consolidation. These factors are expected to further improve profit.

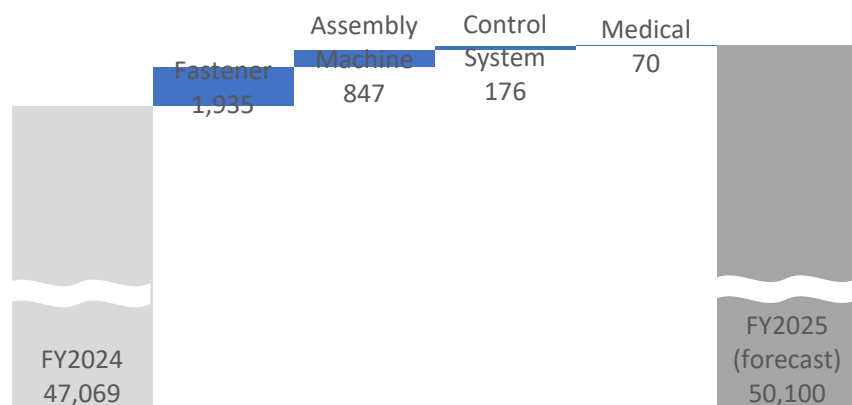
Net Sales and Operating Income Forecast by Segment (Consolidated)



Unit: Million yen / %		FY2024 Result	FY2024 Forecast	YoY	
				Amount change	% Change
Fastener	Net sales	33,664	35,600	1,935	5.8
	Operating income	1,636	1,690	53	3.2
	Profit ratio	4.9	4.7		
Assembly Machine	Net sales	6,642	7,490	847	12.8
	Operating income	1,141	1,500	358	31.4
	Profit ratio	17.2	20.0		
Control System	Net sales	6,743	6,920	176	2.6
	Operating income	669	540	△ 129	△ 19.3
	Profit ratio	9.9	7.8		
Medical	Net sales	19	90	70	355.4
	Operating income	△ 120	△ 130	△ 9	—
	Profit ratio	△ 612.3	△ 144.4		

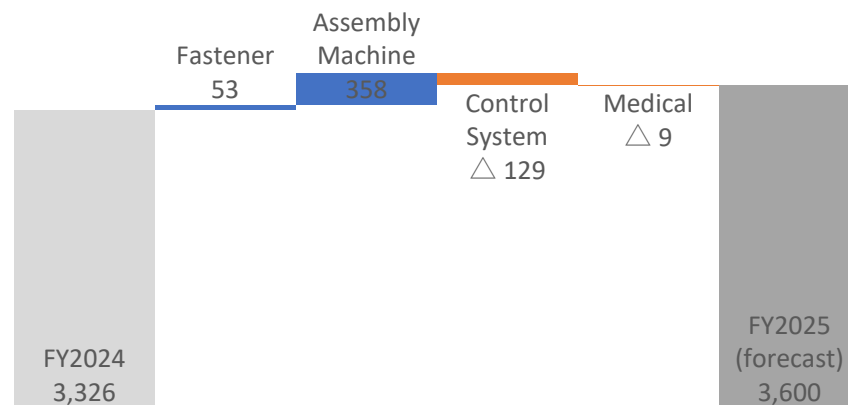
(Million Yen)

Change in Net Sales by Segment



(Million Yen)

Change in Operating Income by Segment



Market trend and initiatives by segment

	Main market trends		Initiatives and future efforts	Change in order backlog
Fastener	Automobile	Japanese manufacturers are planning to build new battery plants in Japan to increase production of various types of EVs. Despite the aftermath of production halts due to the type certification issue, demand for lighter and thinner vehicles continue to grow.	The company expand sales of “AKROSE” and “JOISTUD” series for the automobile industry and the new washer-free “CUP BOLT” for the housing and construction industries. In addition, the company will work to reduce manufacturing costs through factory reorganization to reduce inter-plant transportation, reduce electricity consumption, and improve profit margins.	
	Housing and construction	Despite domestic demand, the industry's severe shortage of labor and rising material costs have caused planning delays, etc.		
	Household goods	Expect an increase in orders for game consoles.		
Assembly Machine	Automobile	Although EV sales are slowing down, HV sales are expected to increase further. In addition, the number of ECU-related equipment projects is increasing as ADAS is becoming standard equipment and vehicle models equipped with inverters and advanced safety system ECUs is expected to increase.	In the automobile segment, the battery sales team is promoting expansion of sales. To win orders for special watt meters, the company is considering the development of a new partner factory to expand production capacity. The low-cost Asian model, jointly developed by local subsidiaries in China and Thailand, will be marketed to local and non-Japanese users. This model will also highlight the advantages of shortened delivery times due to local procurement and production.	
	Electrical and electronic	Domestic production returned due to “China risks” and the weak yen. Orders for semiconductor inspection equipment, an area of strength, are showing signs of recovery due to the recovery of the semiconductor industry.		
	Energy-related	Installation of equipment is expected to increase at various companies due to the increased production of new meters.		
Control System	Chemical and pharmaceutical	Demand for LIBs is slowing in some regions, including China, but demand for next-generation battery materials in Japan and other regions is expected to stay strong.	Expand sales of automatic quick furnace systems for electronic materials and PFAS-related demand, while also establish a stable supply system. The company plans to respond to an increase in inquiries for inspection equipment in the wake of labor shortages. In the organic solvent recycling business, the company plans to exhibit a demonstration machine at the KEIHANNA Expo.	
	Energy-related	While demand decreased due to decarbonization, demand for recycled fuels such as SAF and synthetic fuels is expected to increase.		
	Environment	Continued demand for analytical instruments is expected in Europe and the U.S. due to PFAS regulations. Expect to see increased demand in other regions and in Japan.		
Medical	Development plans	Starting with the U.S. in July, the Company plans to acquire overseas patents for “High purity bio-soluble magnesium for medical use.” In addition to preparing manufacturing facilities for this product and conducting non-clinical studies, the company will also prepare for clinical studies and expand sales of medical device products and develop new products. The company is also building a system to obtain new medical device manufacturing contracts utilizing existing technologies.		