

Quarterly Report Q1 for the fiscal year ending December 2022

May 13th, 2022
Nittoseiko Co., Ltd.
(Issue code: Tokyo Stock Exchange Prime 5957)



March 2022:
Selected as a
Health
Management
Brand for the
second
consecutive year.

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

Highlight of Q1 consolidated result for the fiscal year ending December 2022

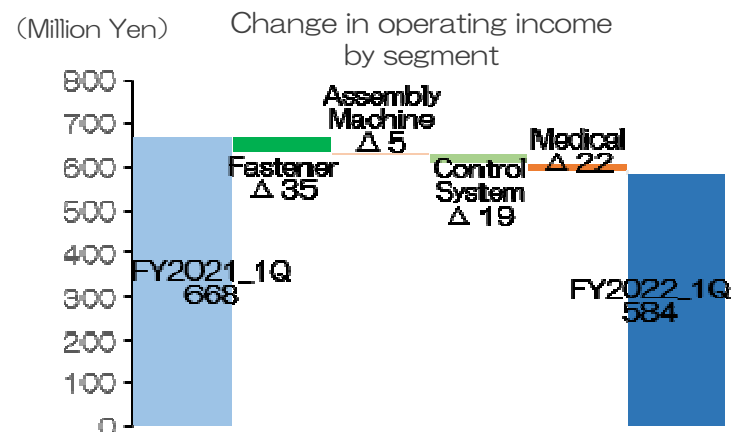
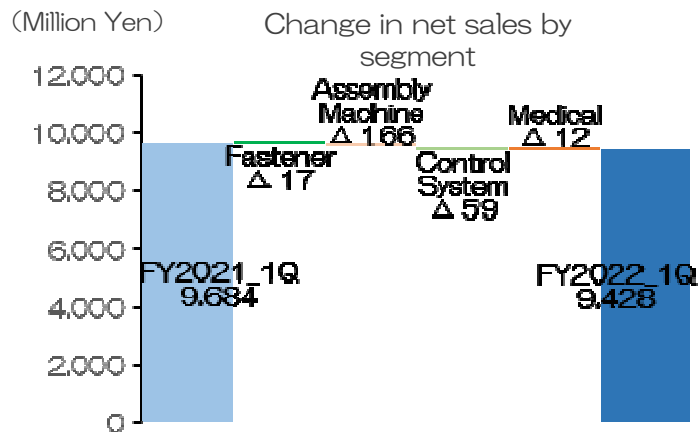


Unit: Million yen / %	Q1 fiscal year 2021		Q1 fiscal year 2022		YoY	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount change	% Change
Net sales	9,684	100.0	9,428	100.0	△256	△2.6
Gross profit	2,334	24.1	2,252	23.9	△82	△3.5
Selling, general and administrative expenses	1,666	17.2	1,667	17.7	0	0.0
Operating income	668	6.9	584	6.2	△83	△12.5
Ordinary income	746	7.7	665	7.1	△81	△10.9
Net income for current period before income taxes	868	9.0	665	7.1	△202	△23.4
Net income attributed to shareholders of the parent company	448	4.6	430	4.6	△18	△4.1
Net income per share (yen)	12.19		11.66			

- Sales of automobile and electrical/electronic parts, which account for a high percentage of total sales, declined 2.6% YoY due to the prolonged shortage of semiconductors.
- Profit declined 12.5% YoY due to the impact of lower sales and a sharp rise in raw material prices due to the Russian military invasion and other factors.
- Demand for housing, construction, and game machine-related products is strong as stay-at-home lifestyle becomes more established.
- In the ECU board, CASE, and EV vehicle applications, focus on expanding sales of original screw products that are still in high demand, such as “anti-loose” and “anti-turn” products. Preparation for acquiring new customers after the semiconductor shortage is resolved.
- Focused on the commercialization of “Bio-soluble, high-purity magnesium for medical use”. In addition, the Company is implementing measures to secure sales by strengthening its development and manufacturing systems for medical products and tying up with business partners.
- KM SEIKO Co., Ltd and Pinning Co., Ltd, which handle screws and nuts for the automobile and construction industries, became subsidiaries. These companies will be included from Q2 results.

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

(Unit: Million yen / %)		Q1 fiscal year 2021	Q1 fiscal year 2022	YoY	
				Amount change	% Change
Fastener	Net sales	6,948	6,931	△17	△0.3
	Operating income	401	365	△35	△8.9
	Profit ratio	5.8	5.3		
Assembly Machine	Net sales	1,401	1,234	△166	△11.9
	Operating income	210	205	△5	△2.5
	Profit ratio	15.1	16.7		
Control System	Net sales	1,319	1,260	△59	△4.5
	Operating income	58	38	△19	△33.8
	Profit ratio	4.4	3.1		
Medical	Net sales	14	1	△12	△90.8
	Operating income	△2	△24	△22	—
	Profit ratio	△15.0	△1,912.3		



Overview of results by segment - Fastener Division



Unit: Mil yen/ %	FY2021 Q1	FY2022 Q1	YOY	
	Amount	Amount	Amount	% Change
Net sales	6,948	6,931	△17	△0.3
Automobile	2,749	2,515	△234	△8.5
Electrical and electronic parts	1,286	1,267	△19	△1.5
Housing and construction	1,081	1,258	176	16.3
Household goods	498	536	37	7.5
IT and digital equipment	392	334	△58	△14.8
Precision equipment	246	255	8	3.3
Medical	72	83	10	14.3
Energy sector	45	33	△12	△26.4
Others	577	650	73	12.8
Operating Income	401	365	△35	△8.9

• Despite weak sales in the automobile and electrical/electronic parts industries due to the prolonged shortage of semiconductors, sales declined slightly, supported by housing and household goods (game machines) industries, which remained strong due to the pandemic.

• In China, Indonesia, and other countries, sales of major products such as automobile and electrical/electronic parts were strong.

◆Automobile

- Despite customer demand, automobile production plans of various companies continued to be revised downward due to shortages of semiconductors and other materials and remained sluggish.
- By product, gear parts are increasing year by year along with the shift to electric vehicles. In addition, the shift to EVs has led to an increase in our original screw products for sensor parts and ECUs.

◆Electrical and electronic parts

- Despite demand for screw products for household appliances due to the stay-at-home lifestyle, sales remained flat YoY due to the shortage of semiconductors.

◆Housing and construction

- Orders from some housing manufacturers were firm, and screw products for housing equipment-related applications performed well.

◆Household goods

- Screw products for bicycles, game machines, power tools, etc. contributed to strong sales.

◆IT and digital equipment

- Screw products for PCs and smartphones remained sluggish due to the significant impact of the semiconductor shortage.

Overview of results by segment - Assembly Machine Division



Unit: Mil yen/ %	FY2021 Q1	FY2022 Q1	YOY	
	Amount	Amount	Amount	% Change
Net sales	1,401	1,234	△166	△11.9
Automobile	927	870	△57	△6.2
Energy sector	60	62	1	3.2
Amusement machine	16	49	33	208.7
Electrical and electronic parts	162	47	△115	△71.3
Housing and construction	29	36	7	24.3
IT and digital equipment	7	29	22	319.5
Medical	14	1	△13	△92.3
Others	185	140	△44	△24.0
Operating income	210	205	△5	△2.5

• While IT and IT-related products performed well, the key automobile and electrical/electronic parts-related products were weak due to the shortage of semiconductors.

• The Company will focus on PR for its new cooperative robot "PD400UR Series" and expand sales, including overseas, in order to boost the sales base.

- ◆Automobile
 - Despite demand for equipment in Japan related to CASE and EV vehicles, and overseas demand for equipment for new models and new energy vehicles, sales remained sluggish due to the prolonged shortage of semiconductors.
- ◆Energy sector
 - Despite demand for "Screw driving Robots" for gas-related product manufacturing facilities, sales remained flat.
- ◆Amusement machine
 - Demand for "Screw driving Robots" and "Multi-axis Screw driving Machine" increased significantly due to remodeling of production facilities.
- ◆Electrical and electronic parts
 - Sales for household appliances declined sharply due to the significant impact of the shortage of semiconductors.
- ◆Housing and construction
 - Demand for "Screw driving Machine" for boilers and hot-water supply equipment was strong.
- ◆IT and digital equipment
 - Demand for smartphone-related screw driving equipment increased significantly.

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

Unit: Mil yen/ %	FY2021 Q1	FY2022 Q1	YOY	
	Amount	Amount	Amount	% Change
Net sales	1,319	1,260	△59	△4.5
Chemical and pharmaceuticals	270	274	4	1.5
Energy sector	242	230	△12	△5.4
Housing and construction	118	127	9	8.0
Ship building	64	71	7	12.4
Automobile	83	51	△31	△38.6
Medical	38	28	△9	△25.1
Food	21	25	3	18.7
Others	483	453	△30	△6.2
Operating income	58	38	△19	△33.8

- ◆Chemical and pharmaceuticals
 - Demand for analyzers remained strong, including overseas.
- ◆Energy sector
 - Despite demand for analyzers such as element meters and moisture analyzers, sales declined slightly due to a shortage of parts and materials.
- ◆Housing and construction
 - Although there was no increase in the number of single-family housing starts, renewal demand for the new “Geokarte IV” remained strong.
- ◆Ship building
 - Strong sales were driven by active renewal of flow meters in response to stricter exhaust gas emission regulations for ships.
- ◆Automobile
 - Sales of parts inspection systems remained sluggish, affected by the revision of capital investment plans due to production cutbacks at client plants.

- Sales declined slightly YoY due to weak demand in the automobile and other industries, despite strong demand for analyzers and flowmeters.
- “Geokarte” sales were firm due to replacement demand.

Overview of Results by Segment – Medical Division



Unit: Mil yen/ %	FY2021 Q1	FY2022 Q1	YOY	
	Amount	Amount	Amount	% Change
Net sales	14	1	Δ12	Δ90.8
Medical	14	1	Δ12	Δ90.8
Others	—	—	—	—
Operating income	Δ2	Δ24	Δ22	—

◆Medical

- In the “Freeled” business, despite efforts to expand sales overseas and to broaden sales channels through medical device sales companies, conditions remained difficult as the voluntary restraint on visits to medical institutions has not eased.
- In the area of “Bio-soluble, high-purity magnesium for medical use,” the Company focused on the construction of manufacturing facilities, the production of prototypes for clinical trials, and performance testing in preparation for the launch of the product.