

Quarterly Report Q3 for the fiscal year ending December 2022

Nov 11th, 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 Q3 consolidated result for the fiscal year ending December 2022

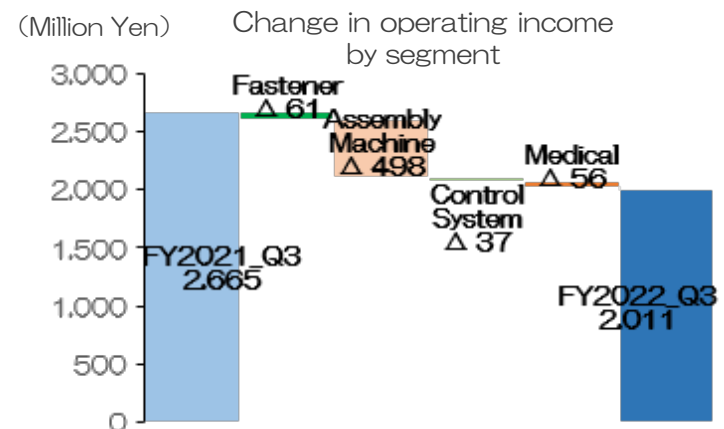
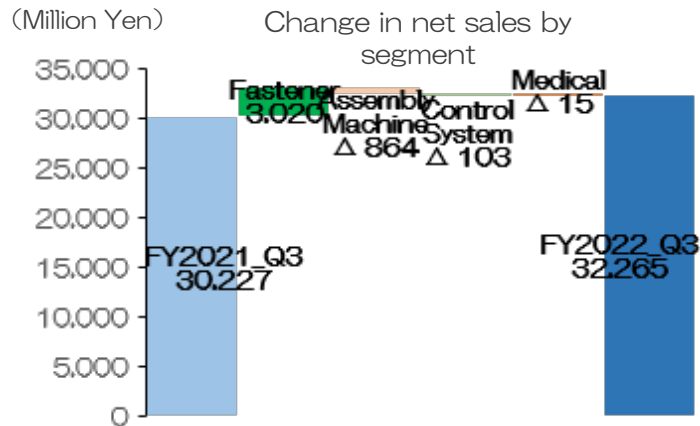


Unit: Million yen / %	Q3 fiscal year 2021		Q3 fiscal year 2022		YoY	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount change	% Change
Net sales	30,227	100.0	32,265	100.0	2,037	6.7
Gross profit	7,805	25.8	7,631	23.7	△174	△2.2
Selling, general and administrative expenses	5,140	17.0	5,619	17.4	479	9.3
Operating income	2,665	8.8	2,011	6.2	△653	△24.5
Ordinary income	2,837	9.4	2,357	7.3	△480	△16.9
Net income for current period before income taxes	2,959	9.8	2,348	7.3	△610	△20.6
Net income attributed to shareholders of the parent company	1,807	6.0	1,462	4.5	△344	△19.1
Net income per share (yen)	48.98		39.60			

- Despite the impact of production adjustments in the automobile-related industry, our main customer, sales increased YoY due to the consolidation of KM Seiko Co., Ltd. and Pinning Co., Ltd. as subsidiaries in April this year.
- Profit decreased YoY due to soaring energy and raw material prices, shortage of parts, and other factors.
- Overseas, production generally recovered despite the impact of lockdowns in some areas in China. The weak yen also contributed to higher YoY sales.

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

(Unit: Million yen / %)		Q3 fiscal year 2021	Q3 fiscal year 2022	YoY	
				Amount change	% Change
Fastener	Net sales	20,748	23,769	3,020	14.6
	Operating income	1,215	1,154	△61	△5.0
	Profit ratio	5.9	4.9		
Assembly Machine	Net sales	5,501	4,637	△864	△15.7
	Operating income	1,359	861	△498	△36.6
	Profit ratio	24.7	18.6		
Control System	Net sales	3,953	3,849	△103	△2.6
	Operating income	107	70	△37	△35.0
	Profit ratio	2.7	1.8		
Medical	Net sales	23	8	△15	△66.2
	Operating income	△17	△73	△56	—
	Profit ratio	△73.0	△919.2		



Overview of results by segment - Fastener Division

Unit: Mil yen/ %	FY2021 Q3	FY2022 Q3	YOY	
	Amount	Amount	Amount	% Change
Net sales	20,748	23,769	3,020	14.6
Automobile	7,945	8,243	297	3.7
Housing and construction	3,402	4,997	1,594	46.9
Electrical and electronic parts	3,599	4,162	562	15.6
Household goods	1,961	1,907	△53	△2.7
IT and digital equipment	939	1,241	302	32.2
Precision equipment	829	828	△0	△0.1
Medical	247	243	△3	△1.6
Energy sector	132	110	△21	△16.6
Others	1,694	2,038	343	20.3
Operating Income	1,215	1,154	△61	△5.0

- ◆Automobile
 - Although EV-related parts, including “AKROSE” , “AKROSE HYBRID” , and “gear parts” , are on an expansion trend, the market remained flat due to the prolonged shortage of semiconductors.
- ◆Housing and construction
 - Sales increased due to strong demand for housing parts and the consolidation of subsidiary companies KM Seiko Co., Ltd. and Pinning Co., Ltd., both of which focus on products for the housing and construction industries.
- ◆Electrical and electronic parts
 - Despite the shortage of semiconductors, demand for tapping screws for plastic and other products was strong.
- ◆Household goods
 - The game market, which expanded due to the Covid pandemic, also declined slightly, owing to the effects of production cuts by manufacturers amid the shortage of semiconductors.
- ◆IT and digital equipment
 - Demand for 5G communication-related parts and other products remained strong.

- The consolidation of KM Seiko Co., Ltd. and Pinning Co., Ltd. as subsidiaries contributed to the increase in sales.
- Overseas, strong demand in China (up 14% YoY), Indonesia (up 13% YoY), Malaysia (up 24% YoY) and other countries contributed to sales growth.
- Profit decreased YoY due to the impact of energy price surges and other factors.

Overview of results by segment - Assembly Machine Division



Unit: Mil yen/ %	FY2021 Q3	FY2022 Q3	YOY	
	Amount	Amount	Amount	% Change
Net sales	5,501	4,637	△864	△15.7
Automobile	3,217	2,945	△272	△8.5
Electrical and electronic parts	773	379	△393	△50.9
Energy sector	565	221	△344	△60.9
IT and digital equipment	108	123	14	13.7
Housing and construction	175	99	△75	△43.0
Amusement machine	42	59	16	39.4
Household goods	26	35	8	33.2
Others	595	776	181	30.5
Operating income	1,359	861	△498	△36.6

- ◆Automobile
 - Although there are many inquiries for manufacturing equipment such as EV and ECU-related equipment, investment is modest, resulting in a weak YoY sales.
- ◆Electrical and electronic parts
 - Although demand for semiconductor equipment continues to be active from last year, this year's demand from major users is more limited than last year's investment. As a result, sales is down substantially YoY. However, it is expected to settle down to the level of the year before last.
- ◆Energy sector
 - Although a significant YoY decline was recorded as a repercussion of last year's special demand, it still exceeded the level of the year before last.
- ◆IT and digital equipment
 - Sales remained strong for demand for telecommunication base-related and other products.
- ◆Housing and construction
 - The impact of the restrained buying by customers was strong and sales declined significantly.
- ◆Amusement machine
 - Sales remained steady due to certain demand such as renewal of manufacturing facilities.

- Sales and profits decreased due to the significant impact of a freeze on capital investment by customers in the automotive and other industries affected by the shortage of semiconductors.
- Future recovery to increase sales and profits is expected by introducing new products that contribute to labor-saving and by strengthening the sales expansion system.

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

Unit: Mil yen/ %	FY2021 Q3	FY2022 Q3	YOY	
	Amount	Amount	Amount	% Change
Net sales	3,953	3,849	△103	△2.6
Chemical and pharmaceuticals	970	844	△126	△13.0
Energy sector	861	644	△216	△25.1
Housing and construction	417	440	22	5.4
Automobile	237	262	25	10.7
Electrical and electronic parts	181	212	30	17.0
Ship building	310	195	△115	△37.1
Medical	—	93	93	—
Others	977	1,159	182	18.6
Operating income	107	70	△37	△35.0

- ◆Chemical and pharmaceuticals
 - Despite demand for analytical equipment and flowmeters, sales remained sluggish due to the shortage of semiconductors.
- ◆Energy sector
 - Despite demand for analytical equipment, sales remained sluggish due to the shortage of semiconductors.
- ◆Housing and construction
 - Sales increased slightly YoY due to replacement demand for “GEOKARTE IV” ground survey equipment.
- ◆Automobile
 - Demand for equipment such as parts inspection system “MISTOL” and analytical equipment remained strong.
- ◆Electrical and electronic parts
 - Demand for flowmeters and “MISTOL” remained strong, despite the shortage of semiconductors.
- ◆Ship building
 - Despite high demand for flowmeters and other products owing to fuel efficiency performance regulations related to maritime transportation, sales declined significantly YoY.

- Sales declined slightly due to production adjustments at customers affected by the shortage of semiconductors.
- Despite efforts such as sales expansion of environmentally friendly micro-bubble related equipment and cost reduction through in-house production of processing parts, profits declined significantly.

Unit: Mil yen/ %	FY2021 Q3	FY2022 Q3	YOY	
	Amount	Amount	Amount	% Change
Net sales	23	8	△15	△66.2
Medical	23	8	△15	△66.2
Others	—	—	—	—
Operating income	△17	△73	△56	—

◆Medical

- Against the backdrop of a decline in the number of patients and surgeries due to the Covid pandemic, the Company made efforts to promote sales to clinical trial institutions and expand sales channels through medical device sales companies.
- Along with efforts to commercialize “high purity bio-soluble magnesium material for medical use,” the Company initiated development of new products with a focus on the needs of the medical field and the market.

Q3 consolidated balance sheets for the fiscal year ending December 2022



Unit : Millions of yen/%	fiscal year ending December 2021		Q3 fiscal year 2022		YoY	
	Yen	Share (%)	Yen	Share (%)	Amount	%
Assets						
Total current assets	32,646	64.1	33,092	62.9	446	1.4
Cash and deposits	11,415	22.4	8,777	16.7	Δ2,637	Δ23.1
Notes and accounts receivable - trade Electronically recorded monetary claims - operating	12,084	23.7	12,921	24.6	836	6.9
inventory	7,926	15.6	10,265	19.5	2,339	29.5
Total non-current assets	18,277	35.9	19,514	37.1	1,237	6.8
Non-current assets	13,092	25.7	14,157	26.9	1,065	8.1
Intangible assets	1,281	2.5	1,149	2.2	Δ131	Δ10.3
Investments and other assets	3,904	7.7	4,207	8.0	303	7.8
Total assets	50,924	100.0	52,607	100.0	1,683	3.3
Liabilities						
Total current liabilities	13,675	26.9	13,629	25.9	Δ45	Δ0.3
Notes and accounts payable - trade Electronically recorded obligations - operating	8,069	15.8	8,410	16.0	340	4.2
Short-term borrowings	2,610	5.1	2,528	4.8	Δ82	Δ3.2
Total non-current liabilities	4,546	8.9	4,472	8.5	Δ73	Δ1.6
Total liabilities	18,221	35.8	18,102	34.4	Δ119	Δ0.7
Net assets						
Share capital	3,522	6.9	3,522	6.7	—	—
Capital surplus Retained earnings	26,993	53.0	27,842	52.9	849	3.1
Treasury shares	Δ1,254	Δ2.5	Δ1,246	Δ2.4	8	0.7
Total net assets	32,702	64.2	34,505	65.6	1,803	5.5