

# Summary of Business Results for the 118th Fiscal Year Ending Dec 2023

Feb 13<sup>th</sup>, 2024

NITTOSEIKO CO., LTD.

(Issue code: Tokyo Stock Exchange Prime 5957)



March 2023:  
Selected as a  
Health  
Management  
Brand for the  
third consecutive  
year.

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

# Financial Highlights for FY2023 (Consolidated)



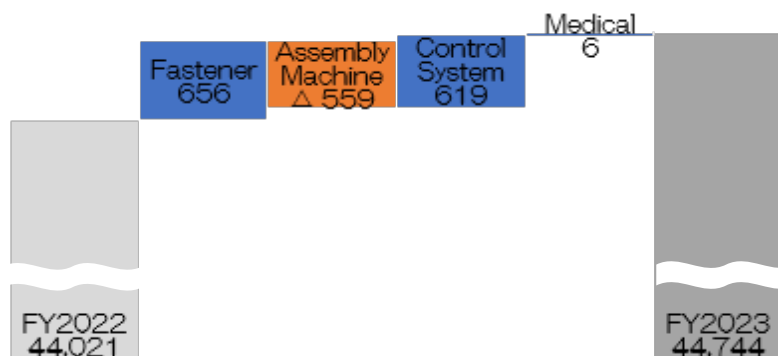
| Unit: Million yen / %  | 2022/12<br>Full Year |           | 2023/12<br>Full Year |           | YoY           |          | 2023/12 Results<br>Compared to forecast<br>(as of Nov. 14, 2023) |               |          |
|--|----------------------|-----------|----------------------|-----------|---------------|----------|--|---------------|----------|
|  | Amount               | Ratio (%) | Amount               | Ratio (%) | Amount change | % Change | Forecast amount  | Amount change | % Change |
| <b>Net sales</b>   | 44,021               | 100.0     | <b>44,744</b>        | 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      |  |               |          |
| <b>Operating income</b>  | 2,931                | 6.7       | <b>2,614</b>         | 5.8       | △ 317         | △ 10.8   | 2,600  | 14            | 0.5      |
| <b>Ordinary income</b>   | 3,235                | 7.3       | <b>2,835</b>         | 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   |  |               |          |
| <b>Net income attributed to shareholders of the parent company</b> | 1,828                | 4.2       | <b>1,734</b>         | 3.9       | △ 94          | △ 5.1    | 1,700  | 34            | 2.0      |
| Net income per share (yen)   | 49.5                 |           | 46.95                |           |               |          | 46.01  |               |          |

- K.M. 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 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, 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.

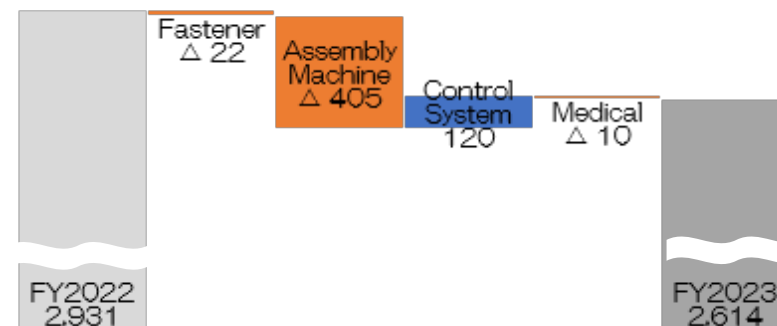
# Net Sales and Operating Income by Segment (Consolidated)

| Unit: Million yen / % |                  | 2022/12<br>Full Year | 2023/12<br>Full Year | YoY           |          |
|-----------------------|------------------|----------------------|----------------------|---------------|----------|
|                       |                  |                      |                      | Amount change | % Change |
| Fastener              | Net sales        | 32,199               | 32,855               | 656           | 2.0      |
|                       | Operating income | 1,648                | 1,625                | △ 22          | △ 1.4    |
|                       | Profit ratio     | 5.1                  | 4.9                  |               |          |
| Assembly Machine      | Net sales        | 6,515                | 5,955                | △ 559         | △ 8.6    |
|                       | Operating income | 1,227                | 822                  | △ 405         | △ 33.0   |
|                       | Profit ratio     | 18.8                 | 13.8                 |               |          |
| Control System        | Net sales        | 5,296                | 5,915                | 619           | 11.7     |
|                       | Operating income | 157                  | 278                  | 120           | 76.4     |
|                       | Profit ratio     | 3.0                  | 4.7                  |               |          |
| Medical               | Net sales        | 10                   | 17                   | 6             | 64.1     |
|                       | Operating income | △ 102                | △ 112                | △ 10          | —        |
|                       | Profit ratio     | △ 976.2              | △ 654.4              |               |          |

(Million Yen) Change in net sales by segment



(Million Yen) Change in operating income by segment



# Overview of Results by Segment - Fastener Division



| Unit: Mil yen/ %                | 2022/12   | 2023/12   | YOY    |          |
|---------------------------------|-----------|-----------|--------|----------|
|                                 | Full Year | Full Year | Amount | % Change |
|                                 | Amount    | Amount    |        |          |
| 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      |
| Operating Income                | 1,648     | 1,625     | △ 22   | △ 1.4    |

- 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.

## ◆ Automobile

- Despite the aftermath of customers' inventory adjustments due to the coronavirus pandemic, sales recovered for "GIZATITE", "ALUMITITE", and "Screws with Captive Washers" for EVs, ECUs, batteries, sensors, and electrification. Demand for "CP GRIP," "Precision Pressed Products" and the new product "JOISTUD," which contributes to weight reduction and thinner sheets, remained strong.

## ◆ Housing and construction

- Demand for fastening parts for construction, such as "Self-Drilling Screws" and "Nuts," showed growth. In addition, future growth is expected with the launch of the new product "SHARECROSS" in the market.

## ◆ Electrical and electronic parts

- Sales remained weak due to sluggish consumption in Europe and China.

## ◆ Household goods

- The game machine market, which had been boosted by a stay-at-home demand during the coronavirus pandemic, calmed down, and orders for precision screws declined.

## ◆ IT and digital equipment

- Sluggish consumption of IT equipment in Europe, the U.S., and China has led to slowdown of production in the main production centers, such as China and Southeast Asia.

## ◆ Others

- Orders increased due to digitalization in Amusement machine industry.

# Overview of Results by Segment - Assembly Machine Division **NITTOSEIKO**

| Unit: Mil yen/ %                | 2022/12   | 2023/12   | YOY    |          |
|---------------------------------|-----------|-----------|--------|----------|
|                                 | Full Year | Full Year | Amount | % Change |
|                                 | Amount    | Amount    |        |          |
| 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   |
| Operating income                | 1,227     | 822       | △ 405  | △ 33.0   |

- 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.

- ◆ Automobile
  - Sales remained sluggish amid a decline in capital investment appetite in the U.S. and China, despite strong orders for EV-related screw fastening machines in Japan and CASE-related equipments overseas.
- ◆ Electrical and electronic parts
  - Substantial YoY increase due to acquisition of large projects such as substrate surface treatment equipment.
- ◆ Amusement machine
  - Sales increased significantly due to large orders for “Assembly Lines” and “Screw Driving Robots” associated with the production of new models.
- ◆ Energy sector
  - Despite orders for equipment related to gas stoves and gas meters, sales remained sluggish overall.
- ◆ Housing and construction
  - Sales remained steady due to orders received for new and extension of housing-related assembly lines.
- ◆ IT and digital equipment
  - Sales remained steady due to special demand related to smartphones.
- ◆ Others
  - Sales declined due to a downward trend in exports in the industrial robot market and a backlash of related equipment from strong sales in the previous year.

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

| Unit: Mil yen/ %                | 2022/12   | 2023/12   | YOY    |          |
|---------------------------------|-----------|-----------|--------|----------|
|                                 | Full Year | Full Year | Amount | % Change |
|                                 | Amount    | Amount    |        |          |
| 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     |
| Operating income                | 157       | 278       | 120    | 76.4     |

- Both net sales and operating income increased due to strong demand for flowmeters, and increased sales of analyzers at new branches in Europe.
- The Company will continue to drive sales price revisions and cost reductions, such as in-house production of machined parts.

- ◆ Chemical and pharmaceuticals
  - Sales of flowmeters related to semiconductor manufacturing facilities remained strong. In addition, sales of analyzers increased due to a recovery in demand and the resolution of parts shortages after the corona pandemic.
- ◆ Energy sector
  - Sales of analyzers increased due to a recovery in demand and the resolution of parts shortages after the corona pandemic.
- ◆ Housing and construction
  - Sales of the ground investigation equipment "GEOKARTE IV" remained sluggish due to a weak growth in the number of detached housing starts.
- ◆ Electrical and electronic parts
  - Demand for analytical and measuring instruments remained strong.
- ◆ Automobile
  - Demand for inspection equipment was sluggish until 3Q but turned around in 4Q. Higher demand for resistivity meters, such as for battery materials, also contributed to the increase in sales.
- ◆ Ship building
  - Due to the transition to the international scheme for CO<sub>2</sub> emission control, demand for replacement of mass flowmeters, etc., remained steady both in Japan and overseas.
- ◆ Medical
  - Demand for analytical and measuring instruments remained steady.

| Unit: Mil yen/ % | 2022/12   | 2023/12   | YOY    |          |
|------------------|-----------|-----------|--------|----------|
|                  | Full Year | Full Year | Amount | % Change |
|                  | Amount    | Amount    | Amount | % Change |
| Net sales        | 10        | 17        | 6      | 64.1     |
| Medical          | 10        | 17        | 6      | 64.1     |
| Others           | —         | —         | —      | —        |
| Operating income | △ 102     | △ 112     | △ 10   | —        |

## ◆ Medical

- The “FREELED” medical illuminator did not achieve full adoption despite efforts to collect market needs and engage in promotional activities while reducing costs, a high customer demand after the coronavirus pandemic. The Company will continue to focus on strengthening PR activities through sales companies to achieve full adoption.
- The Company received a patent in Japan for “High purity bio-soluble magnesium for medical use” in June 2023. Efforts to launch a new product are ongoing, including the development of integrated manufacturing facilities, the preparation of samples for clinical trials, and performance testing, as well as preparations for obtaining permits and approvals for the marketing of medical products and the establishment of a quality control system. At the same time, the Company will also collect information on parts to which this material can be applied.
- New projects utilizing the Company’s existing technologies have been initiated and are ongoing. The Company will expand its medical device business.

# Balance Sheet (Consolidated)



| Unit : Million yen/%   | Year ending Dec 2022 |              | Year ending Dec 2023 |              | YoY            |               |
|--|----------------------|--------------|----------------------|--------------|----------------|---------------|
|  | Amount               | Ratio (%)    | Amount               | Ratio (%)    | Amount change  | % Change      |
| <b>Assets</b>  |                      |              |                      |              |                |               |
| 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<br>- trade<br>Electronically recorded monetary<br>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          |
| <b>Total assets</b>  | <b>53,408</b>        | <b>100.0</b> | <b>53,344</b>        | <b>100.0</b> | <b>△ 63</b>    | <b>△ 0.1</b>  |
| <b>Liabilities</b>   |                      |              |                      |              |                |               |
| Total current liabilities  | 14,601               | 27.3         | 12,901               | 24.2         | △ 1,700        | △ 11.6        |
| Notes and accounts payable - trade<br>Electronically recorded obligations<br>- 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         |
| <b>Total liabilities</b>   | <b>18,906</b>        | <b>35.4</b>  | <b>16,941</b>        | <b>31.8</b>  | <b>△ 1,964</b> | <b>△ 10.4</b> |
| <b>Net assets</b>  |                      |              |                      |              |                |               |
| 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          | —             |
| <b>Total net assets</b>  | <b>34,501</b>        | <b>64.6</b>  | <b>36,402</b>        | <b>68.2</b>  | <b>1,900</b>   | <b>5.5</b>    |



# Cash Flow Statement (Consolidated)

| Unit: Million yen / %                                | Year ending<br>Dec 2022 | Year ending Dec 2023 |                  |          |
|--|-------------------------|----------------------|------------------|----------|
|  | Amount                  | Amount               | Amount<br>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    |

# Forecast for the 119<sup>th</sup> Fiscal Year Ending Dec 2024

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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 FY2024 (Consolidated)

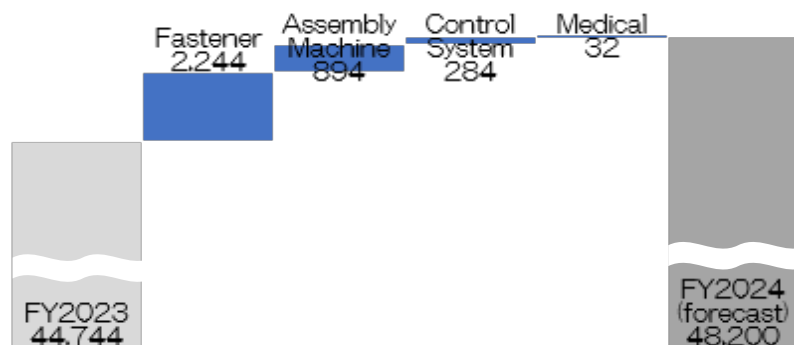
| Unit : Million yen/%  | 2023/12 Full Year |           | 2023/12 Full Year (Forecast) |           | YoY           |          |
|---|-------------------|-----------|------------------------------|-----------|---------------|----------|
|   | Amount            | Ratio (%) | Amount                       | 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                        |           |               |          |

- 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.
- **The fastener business** continues to be sluggish, especially in the automotive sector, but a gradual recovery is expected toward the second half of the year. The Company will ensure that it meets the trend of expanding areas in overseas markets and increasing demand for high-value-added products based its own technologies, such as AKROSE. In addition, the Company will work on reducing manufacturing costs innovatively, as well as passing on sales prices to improve margins from soaring raw material costs.
- In **the assembly machine business**, although the recovery of capital investment is expected to be slow both in Japan and overseas, the Company will respond to projects for the CASE business in the automotive industry, where the appetite for capital investment is high. 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.
- In **the control system business**, demand for flow meters is expected to continue to increase driven by a renewal demand from capital investment in the chemical/pharmaceutical and shipbuilding industries. Demand for analyzer-related products is also expected to increase in the automotive industry against the backdrop of the shift to EVs. The Company will strive to develop new products related to inspection equipment and meet the needs for labor saving and automation.
- In **the medical business**, 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.

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

| Unit: Million yen / % |                  | 2023/12 Full Year | 2024/12 Full Year (forecast) | YoY           |          |
|-----------------------|------------------|-------------------|------------------------------|---------------|----------|
|                       |                  |                   |                              | Amount change | % Change |
| Fastener              | Net sales        | 32,855            | 35,100                       | 2,244         | 6.8      |
|                       | Operating income | 1,625             | 1,900                        | 274           | 16.9     |
|                       | Profit ratio     | 4.9               | 5.4                          |               |          |
| Assembly Machine      | Net sales        | 5,955             | 6,850                        | 894           | 15.0     |
|                       | Operating income | 822               | 1,150                        | 327           | 39.9     |
|                       | Profit ratio     | 13.8              | 16.8                         |               |          |
| Control System        | Net sales        | 5,915             | 6,200                        | 284           | 4.8      |
|                       | Operating income | 278               | 400                          | 121           | 43.7     |
|                       | Profit ratio     | 4.7               | 6.5                          |               |          |
| Medical               | Net sales        | 17                | 50                           | 32            | 191.4    |
|                       | Operating income | △ 112             | △ 150                        | △ 37          | —        |
|                       | Profit ratio     | △ 654.4           | △ 300.0                      |               |          |

(Million Yen) Change in net sales by segment



(Million Yen) Change in operating income by segment

