



Financial results for FY2021 Q2

Financial Summary

NIKKISO CO.,LTD.

Aug. 12, 2021
Securities code: 6376

Disclaimer

This material contains forward-looking statements about future business performance. These statements by definition involve risks and uncertainties and are not intended to guarantee future performance. Actual results in the future may differ from the estimates presented in the material herein due to changes in the business environment and other factors.

I . Consolidated Performance

II . Performance by Business Segment

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Company Information

I . Consolidated Performance

Amid increasing uncertainty in the business environment, operating profit declined but measures to achieve full-scale growth progressed

Business environment

- Industrial Business: The appetite for capital investment in the energy industry is recovering as global economic activity picks up. In addition, demand for LNG as a transitional energy is expected to increase in the medium to long term.
- Aerospace Business: Despite signs of recovery in demand for aircraft, full-scale recovery of the Company's parts manufacturing is expected to take time.
- Medical Business: Demand for hemodialysis machines has recovered and expanded in Japan, Europe, and other major countries. On the other hand, the impact of COVID-19 on economic activities remains uncertain, particularly in Asia.

FY2021 Q2 Actual

- ◆ **Revenue 77.5 billion yen** Increased by 2.7 billion yen : Industrial: (0.1); Medical: +4.1; Intersegment transactions (1.1)
 - 【 Industrial 】 Revenue declined in the Industrial Business and Aerospace Business, but revenue in the Industrial Division as a whole remained almost flat, due to an increase in sales of UV-LED PKGs used for healthcare business purposes and other factors.
 - 【 Medical 】 Revenue increased significantly from the previous year thanks to strong domestic and overseas sales of hemodialysis machines, solid sales of disposables, and higher healthcare business sales.
- ◆ **Operating profit 3.5 billion yen** Decreased by 0.5 billion yen : Industrial: (0.6); Medical: +0.2
 - 【 Industrial 】 Profit decreased for the Industrial Division as a whole due to higher depreciation expenses associated with the operation of Miyazaki Industrial Factory and a decline in profit of the Aerospace Business.
 - 【 Medical 】 Profit remained largely unchanged in the Medical Division as a whole due to an increase in expenses, including temporary expenses associated with licensing and approval, despite the increase in profit due to higher revenue for hemodialysis machines and disposables.

Consolidated Performance



(Millions of JPY)	FY2020	FY2021	YoY comparison	
	2Qtr	2Qtr	Change	Change rate
Orders	77,108	94,055	16,946	+22.0%
Revenue	74,833	77,578	2,745	+3.7%
Operating profit	4,162	3,584	(578)	(13.9%)
Operating margin	5.6%	4.6%		
Profit before tax	3,863	4,120	257	+6.7%
Pretax profit margin	5.2%	5.3%		
Profit for the year attributable to owners of the company	2,844	754	(2,089)	(73.5%)
Profit margin attributable to owners of the company	3.8%	1.0%		
Average foreign exchange rate				
Against the US dollar (Yen)	108.23	107.82	(0.41)	-
Against the euro (Yen)	119.31	129.89	10.58	-

Breakdown of Profit/Loss

(Millions of JPY)	FY2020	FY2021	YoY comparison	Explanation of change
	2Qtr	2Qtr	Change	
Gross profit	24,448	25,990	1,541	
- Selling, general and administrative expenses	21,025	23,150	2,125	The impact of cost increase due to foreign exchange difference is about 700 million
- Other income	835	1,030	194	
- Other expenses	96	286	189	
Operating profit	4,162	3,584	△578	
- Financial income	279	1,143	863	Foreign exchange gains mainly due to strong euro
- Financial costs	592	520	△72	
- Share of profit of associates and joint ventures accounted for using the equity method	13	86	72	
Profit before tax	3,863	4,120	257	
Closing rate				
- Against the US dollar (Yen)	107.74	110.58	2.84	
- Against the euro (Yen)	121.08	131.58	10.50	

II . Performance by Business Segment

Performance by Business Segment



(Millions of JPY)	FY2020	FY2021	YOY comparison	
	2Qtr	2Qtr	Change	Change rate
Orders	77,108	94,055	+16,946	+22.0%
Industrial Business	45,080	57,789	+12,709	+28.2%
Industrial	39,414	51,651	+12,237	+31.0%
Aerospace	5,323	4,092	(1,231)	(23.1%)
Medical Business	32,079	37,433	+5,354	+16.7%
Revenue	74,833	77,578	+2,745	+3.7%
Industrial Business	43,563	43,458	(105)	(0.2%)
Industrial	37,890	37,091	(798)	(2.1%)
Aerospace	5,398	4,286	(1,112)	(20.6%)
Medical Business	31,320	35,463	+4,143	+13.2%
Operating Profit	4,162	3,584	(578)	(13.9%)
Operating margin	5.6%	4.6%		
Industrial Business	2,829	2,190	(639)	(22.6%)
Operating margin	6.5%	5.0%		
Medical Business	3,148	3,406	+258	+8.2%
Operating margin	10.1%	9.6%		
Corporate Expenses	(1,836)	(1,891)	(54)	-

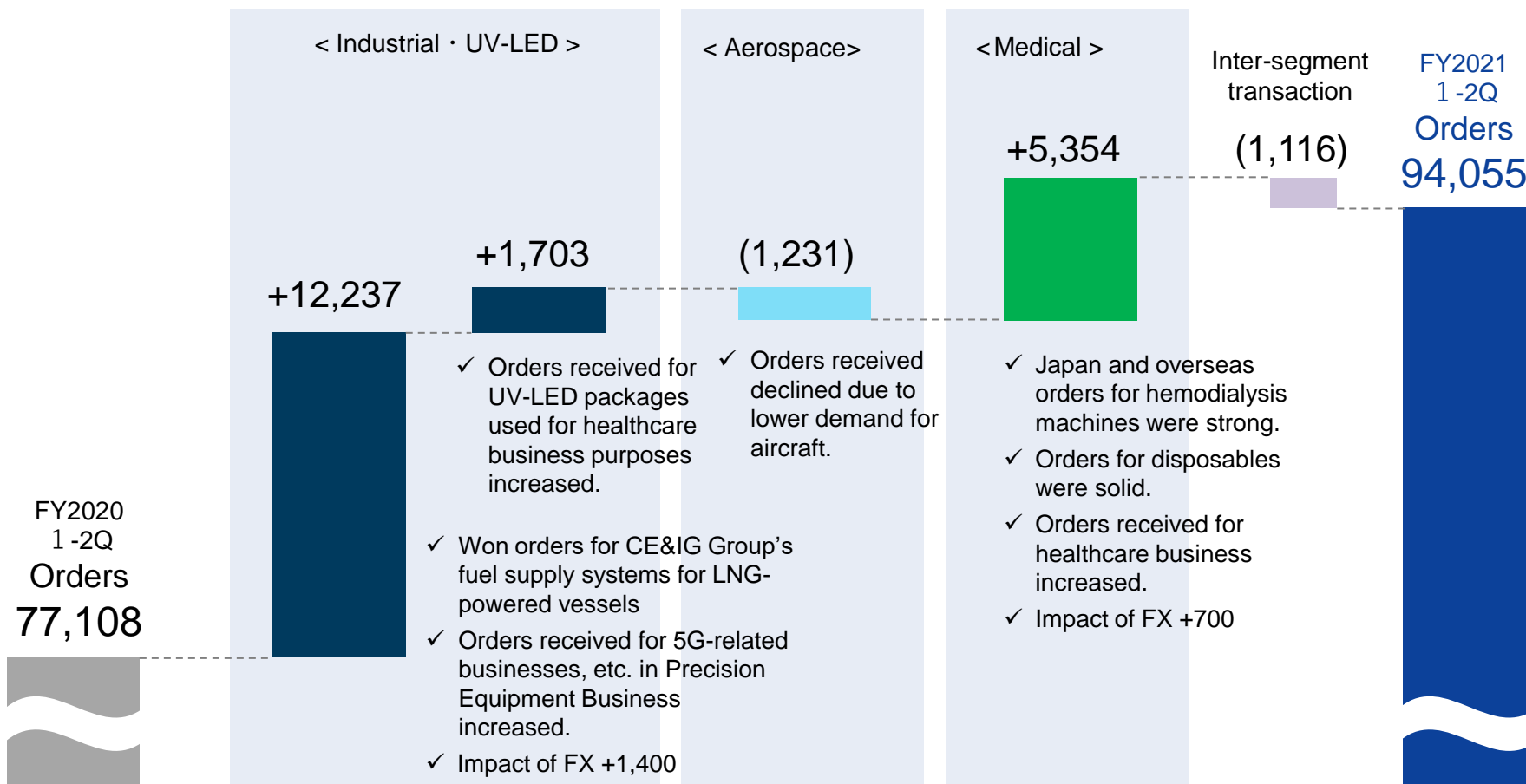
※ ・ Amounts by segment and division represent those before eliminating intersegment transactions.
 ・ Figures for the Healthcare Business are included in those of the Medical Business.

Orders Analysis (FY2020 2Q vs FY2021 2Q)

Increased 16,946 millions of yen year on year

Simple increase: +18,063(include impact of FX: +2,143), Inter-segment transaction[※]: (1,116)

(Millions of JPY)



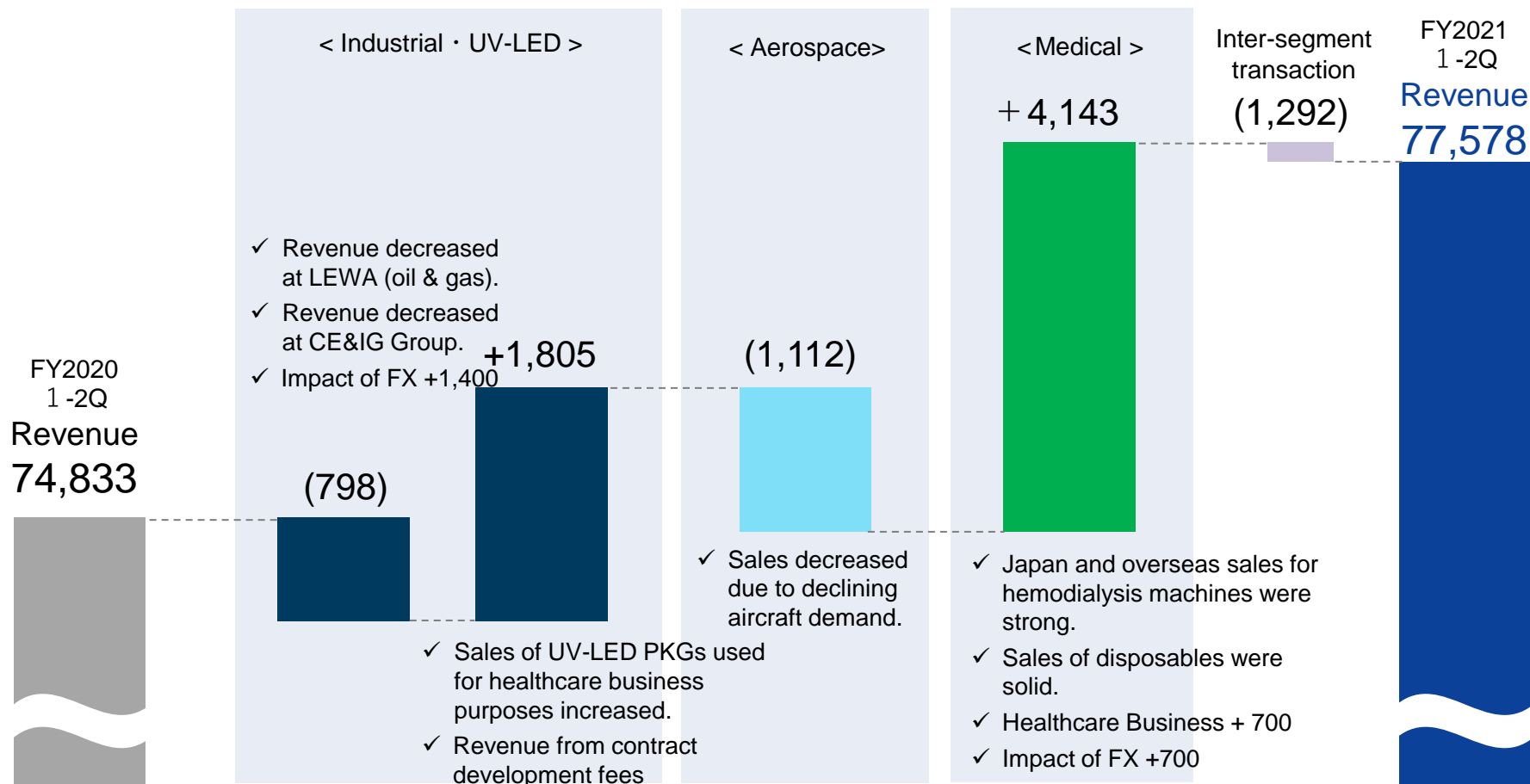
※CE&IG Group: The CI Group acquired Nikkiso Cryo, Inc., a consolidated subsidiary of the Company in Las Vegas, U.S., which handles large cryogenic pumps for LNG, as a subsidiary on April 1, 2021 through a share exchange based on business affinity. CE&IG Group is the name for a group of both companies from a strategic business perspective.

※The inter-segment transaction amount mainly coordinates the internal transactions of UV-LED packages from the industrial business and others to the medical business.

Revenue Analysis (FY2020 2Q vs FY2021 2Q)

Increased +2,746 millions of yen year on year

Simple increase: +4,038(include Impact of FX: +2,080), Inter-segment transaction* (1,292)
 (Millions of JPY)

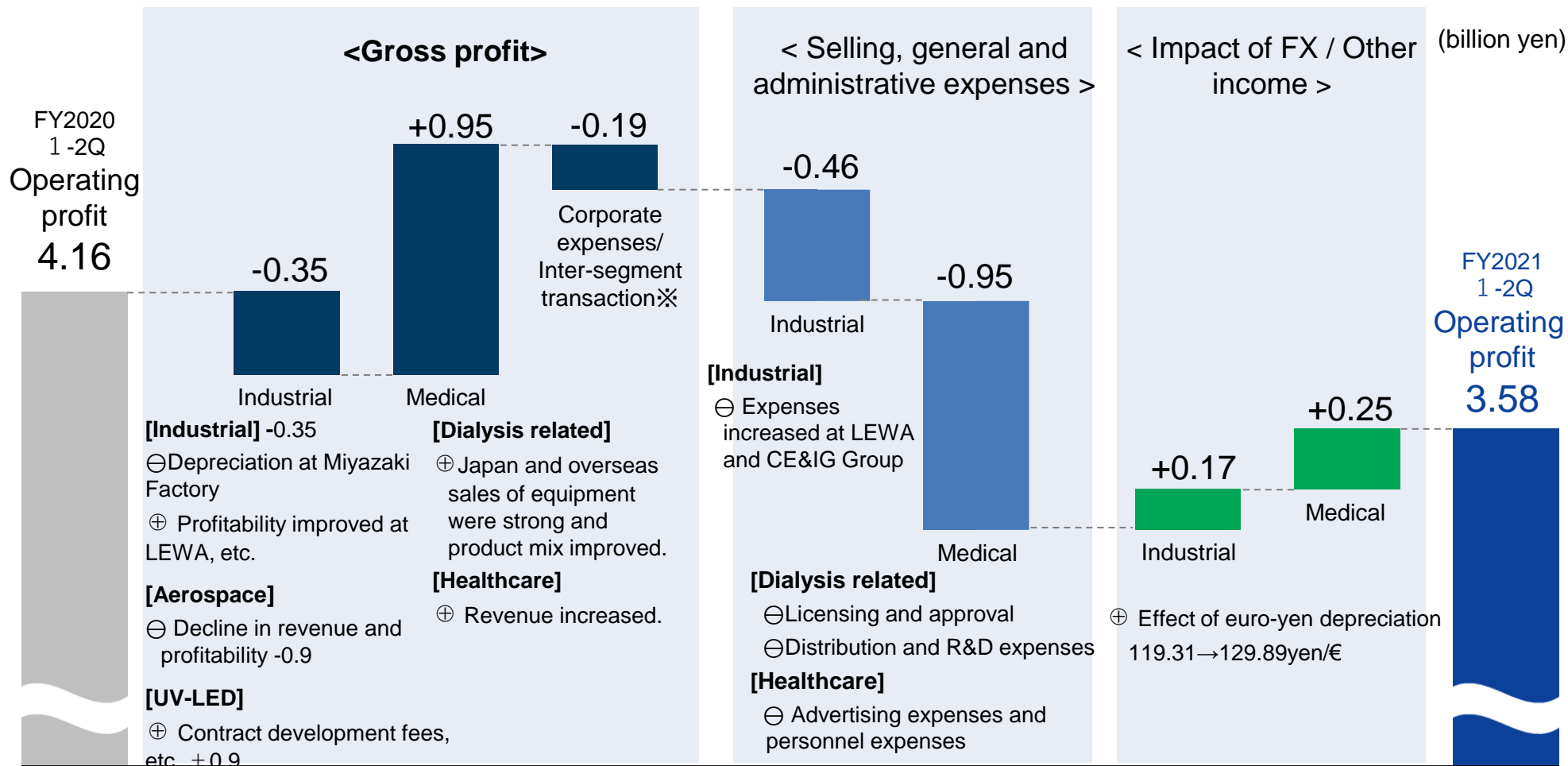


※CE&IG Group: The CI Group acquired Nikkiso Cryo, Inc., a consolidated subsidiary of the Company in Las Vegas, U.S., which handles large cryogenic pumps for LNG, as a subsidiary on April 1, 2021 through a share exchange based on business affinity. CE&IG Group is the name for a group of both companies from a strategic business perspective.

※The inter-segment transaction amount mainly coordinates the internal transactions of UV-LED packages from the industrial business and others to the medical business.

Decreased (0.58billion)

Gross profit + 0.42、 Selling, general and administrative expenses(1.41)、 Impact of FX/ Other income + 0.41



※Gross profit and SG & A expenses are evaluated excluding foreign exchange effects

※The inter-segment transaction amount mainly coordinates the internal transactions of UV-LED packages from the industrial business and others to the medical business.

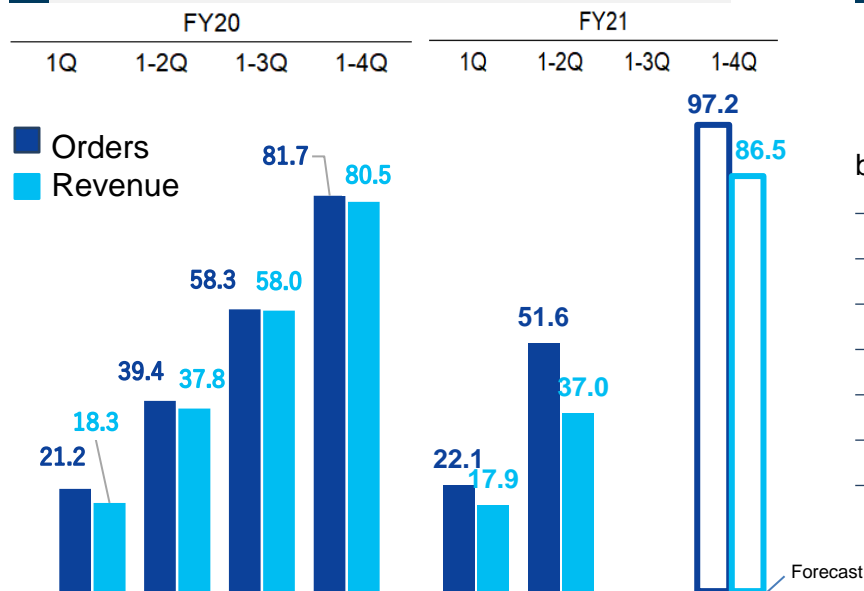
1-2Q Results

- As global economic activity resumed, appetite for capital investment in the energy industry was recovering, and overseas orders and inquiries were brisk. LEWA maintained solid performance as the focus on the petrochemicals market and after-sales service was successful despite declining revenue in upstream sectors.
- The industrial gas/LNG-related business is currently facing challenging conditions mainly due to project postponements and reviews, but mid- to long-term LNG demand is expected to increase. The CE&IG Group has received large orders for LNG-powered vessels due to marine environmental regulations. The Group is now in the process of developing a system to ensure the steady execution of these jobs.

Topics, Future Outlook

- The transfer of manufacturing from Higashimurayama to Miyazaki progressed as planned, with the first shipment of products from Miyazaki in June.
- We will strive to receive more orders using the cryogenic pump test facility built nearby.

Revenue and Orders trend (billion yen)



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Revenue Composition ratio

	FY2020 1-2Q	FY2021 1-2Q		FY2020 1-2Q	FY2021 1-2Q
by products			by region		
Reciprocating pump	38%	40%	Japan	17%	14%
Canned motor pump	6%	4%	Asia	32%	33%
Cryogenics pump	11%	11%	North America	23%	20%
Geveke	8%	10%	Europe	24%	27%
CI Group	25%	26%	Other	3%	5%
Precision Equipment	7%	6%			
Others	4%	3%			

On April 1, 2021, the Cryogenic Industries Group (CI Group) made Nikkiso Cryo, Inc., a consolidated subsidiary of the Company in Las Vegas, U.S., which handles large-scale cryogenic pumps for the LNG market, into its subsidiary and conducted a reorganization. The name of the group is the Clean Energy & Industrial Gases Group (CE&IG Group).

Group businesses and functions

Group name	Clean Energy & Industrial Gases Group (CE & IG Group)				
Business unit names	Cryogenic Pumps Nikkiso Cryo, Inc.	Heat Exchanger Systems	Cryogenic Process Systems	Integrated Cryogenic Solutions ✖	Cryogenic Services
Main products/operations	Manufacture and sale of cryogenic pumps	Manufacture and sale of vaporizers and heat exchange systems	Manufacture and sale of air separation and liquefaction equipment	Cross-business integrated solutions	After-sales service for each business unit

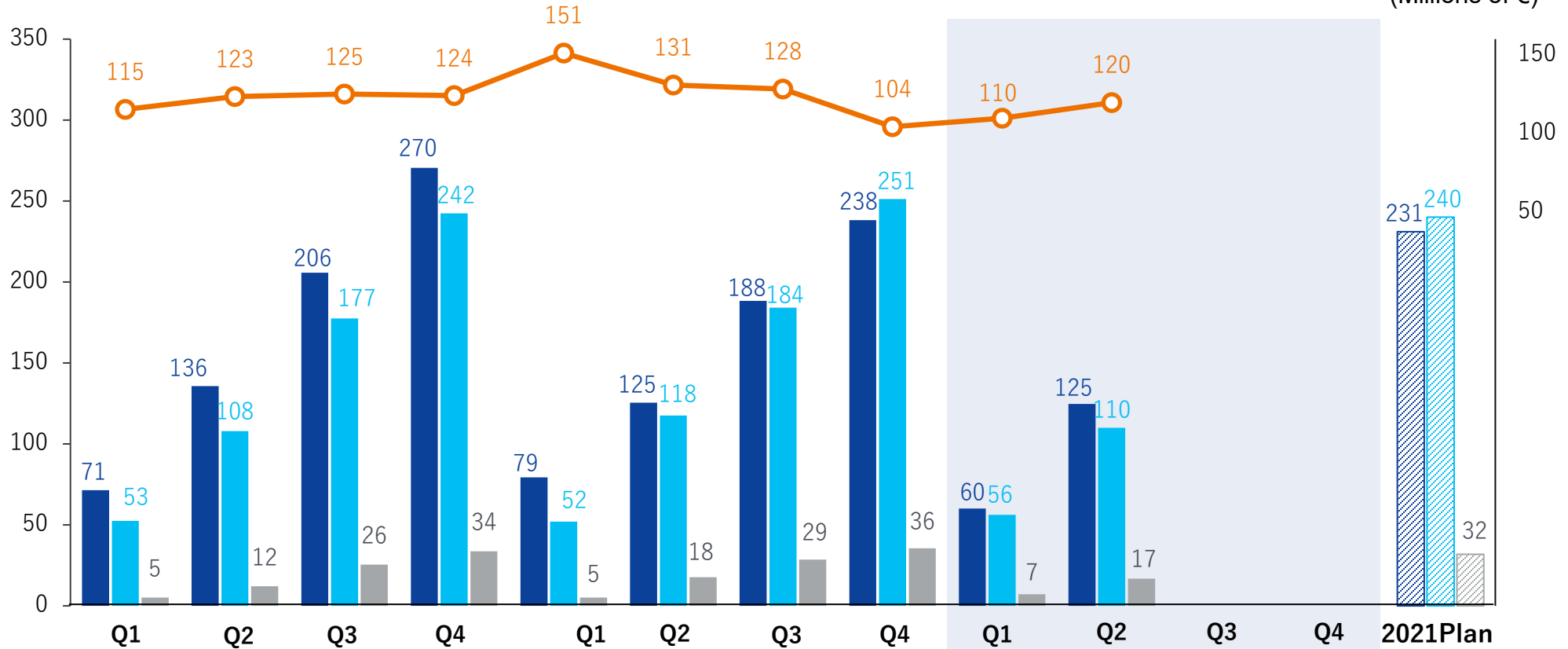
* In addition to the manufacturing and sale of stand-alone products such as pumps, the CE&IG Group is a cross-sectional organization that provides integrated cryogenic equipment and plant solutions, including EPC (engineering, procurement, and construction), across the group.

Quarterly performance trend of LEWA



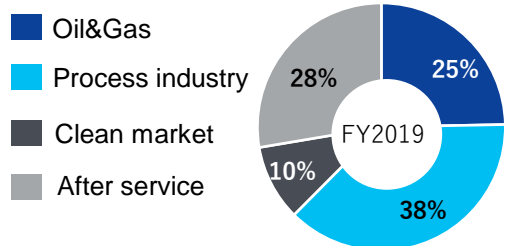
■ Order (Left axis) ■ Revenue (Left axis) ■ EBITDA (Left axis) ○ Order backlog (Right axis)

(Millions of €)

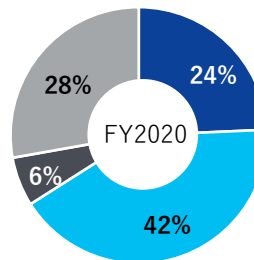


(7/30 forecast)

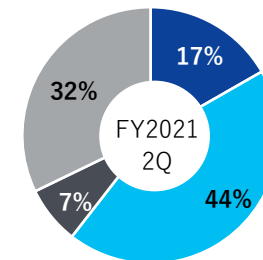
Revenue Composition ratio FY2019



FY2020



FY2021

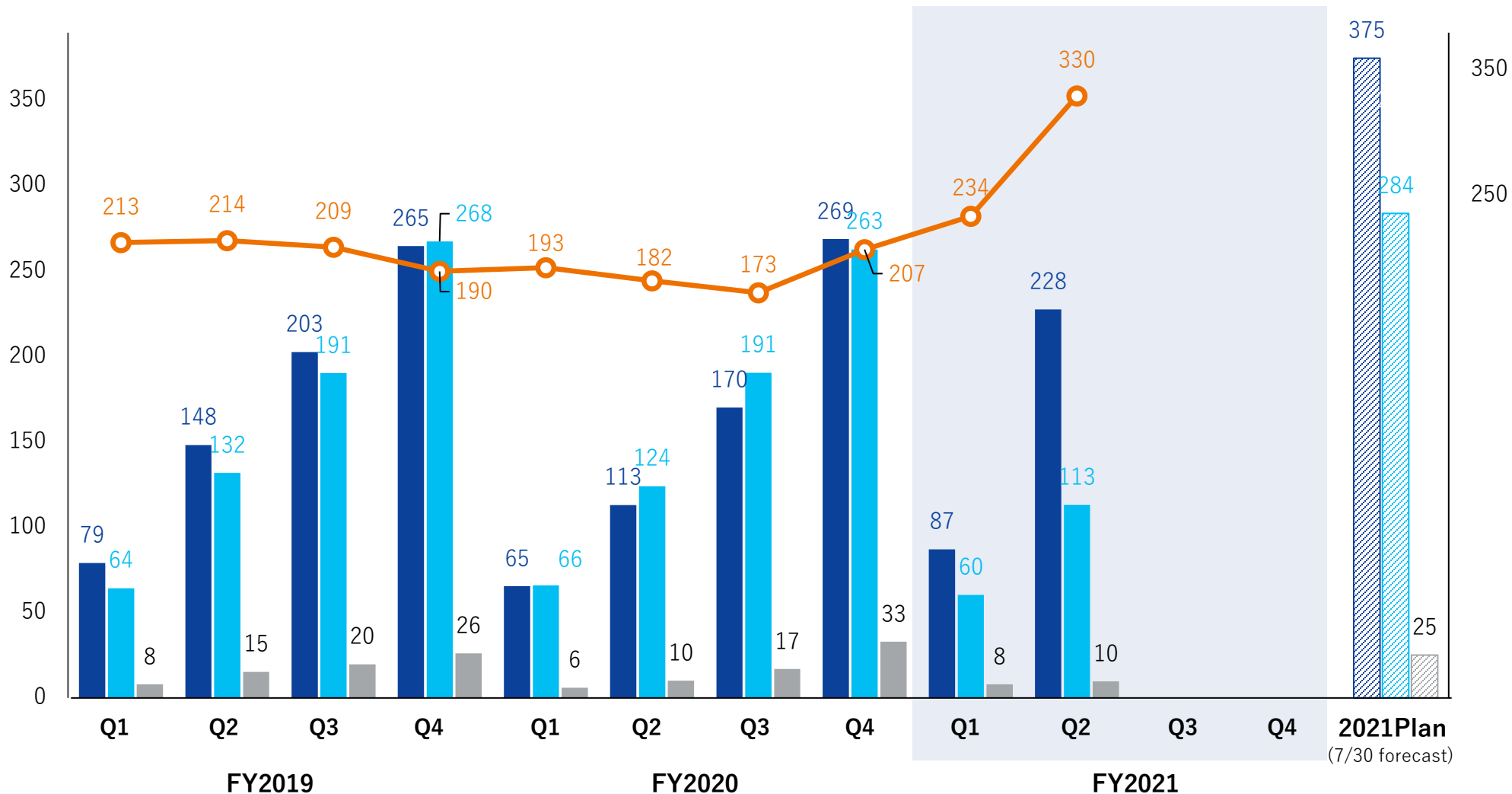


Quarterly performance trend of CE&IG

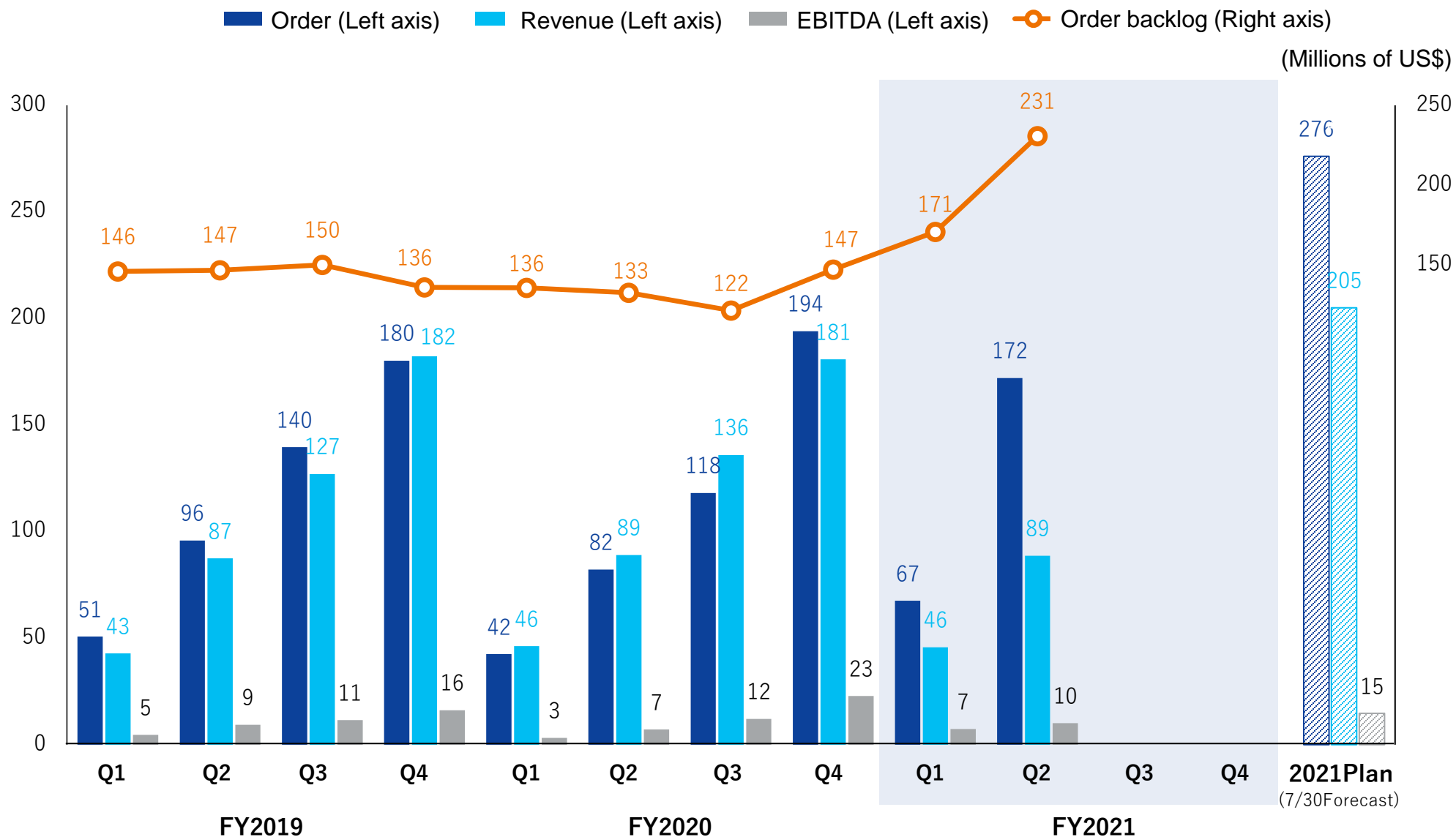


■ Order (Left axis) ■ Revenue (Left axis) ■ EBITDA (Left axis) —○— Order backlog (Right axis)

(Millions of US\$)



Quarterly performance trend of CI group



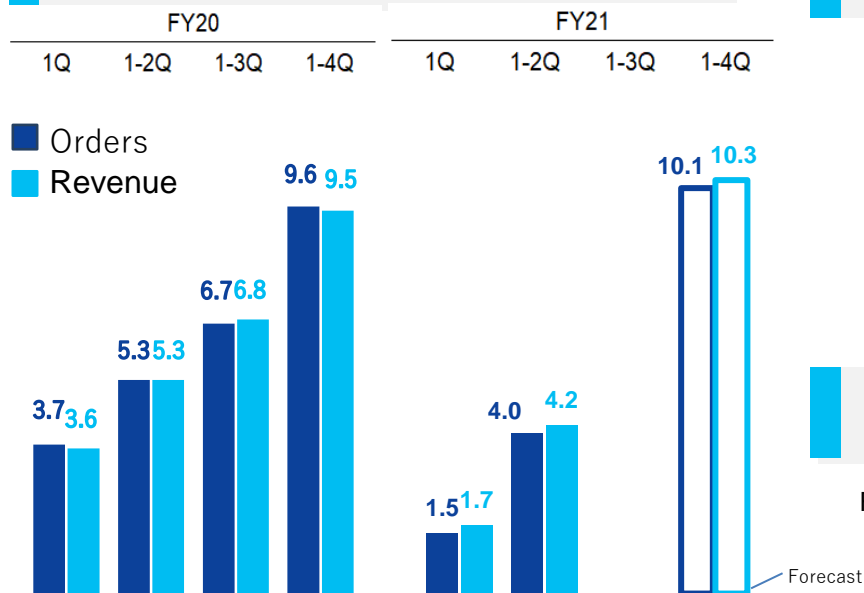
1-2Q Results

- Despite signs of a global recovery in passenger and aircraft demand, a business recovery will take some time due to customer inventories. Revenue dropped significantly from the previous year, while the business environment continued to be challenging due to various factors including inventory adjustments in the previous year.
- Regarding the transfer of manufacturing functions in Kanazawa to Miyazaki, manufacturing and shipments from Kanazawa ended in June.
- Selected by Joby Aviation as a supplier of components for eVTOL, a means of next-generation transportation.

Topics, Future Outlook

- We will work to create new markets. We will also aim to strengthen the business foundation by various means including the restructuring of manufacturing systems in Miyazaki and Vietnam, while reducing costs and enhancing manufacturing efficiency.

Revenue and Orders trend (billion yen)



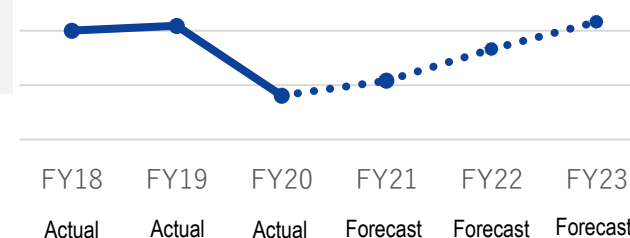
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Revenue Composition ratio

by products	FY2020 1-2Q	FY2021 1-2Q	by region	FY2020 1-2Q	FY2021 1-2Q
Cascade	34%	41%	Japan	18%	34%
Nacelle parts	15%	12%	Asia	6%	8%
Wing parts	33%	14%	North America	73%	55%
Jet engine parts	16%	32%	Europe	3%	3%
Others	2%	2%	Other	0%	0%

Trend of cascade shipment indexes

FY2018shipment=100



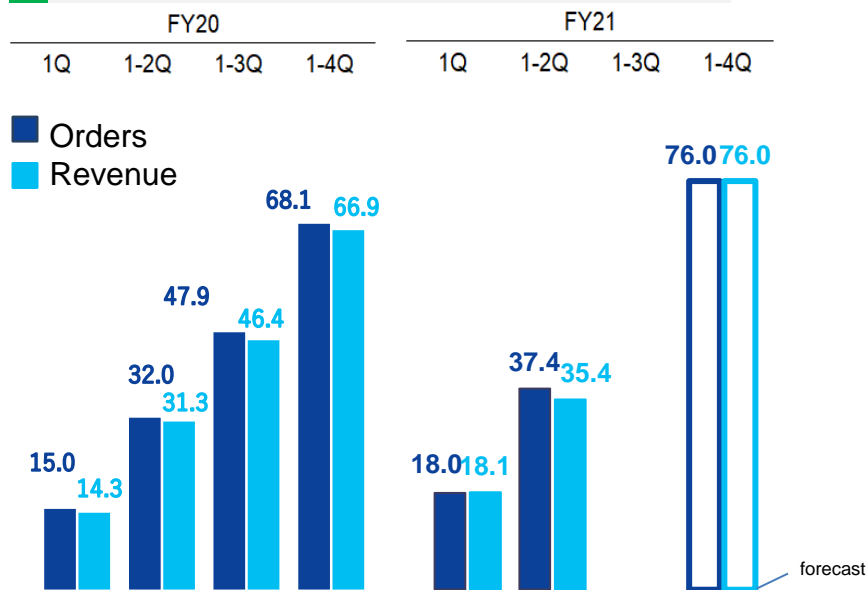
1-2Q Results

- Revenue increased significantly from the previous year in the domestic hemodialysis market thanks to stronger demand for individual hemodialysis machines used as part of anti-infection measures and healthy sales of Nikkiso's highly evaluated, high-performance hemodialysis machines. Sales of disposables were also solid.
- Revenue increased in overseas markets thanks to currently recovering and expanding equipment demand mainly in Europe and other major countries.

Topics, Future Outlook

- We will build stronger trust in relationships with medical personnel, using "M.Ret.Miyazaki", a research training facility.
- When it comes to overseas markets, the main issues to be addressed are strengthening sales in the Chinese market and establishing bases for full-scale business development in the U.S. market.

Revenue and Orders trend (billion yen)



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Revenue Composition ratio

by products	FY2020 1-2Q	FY2021 1-2Q	by region	FY2020 1-2Q	FY2021 1-2Q
(Japan) Dialysis machines	13%	15%	Japan	68%	69%
(Overseas) Dialysis machines	11%	11%	China	12%	12%
(Japan) Disposable	31%	29%	Asia	4%	3%
(Overseas) Disposable	3%	4%	North America	1%	1%
Maintenance	11%	11%	Europe	13%	13%
CRRT	11%	9%	Other	2%	2%
Others	20%	21%			

1-2Q Results

- ✓ Despite continued sales promotion activities aimed at market penetration of the brand, technology, and products, sales fell short of initial plan, mainly for Aeropure Series S (for an 8-tatami-mat room) due to the entry of competitors and other factors.
- ✓ In May, we released Aeropure Series M (for a 20-tatami-mat room), expanding our product lineup.
- ✓ We launched business expansion into the Chinese market.

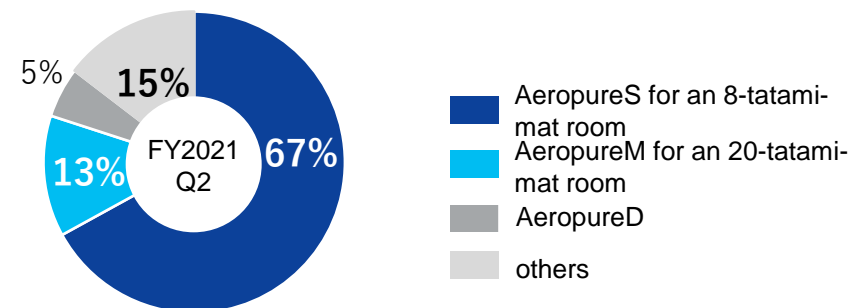
Topics, Future Outlook

- ✓ We will not only offer sales of stand-alone equipment, but will also collaborate with other businesses to promote development of applications using Nikkiso's deep UV-LED technology and functions.
- ✓ We released Aeropure Series P (a portable model) in July.
- ✓ By the end of this fiscal year, we plan to expand into the European and U.S. markets.

YoY comparison

(Millions of JPY)	FY2020 Q2	FY2021 Q2	YoY comparison	
			Change	Change rate
Revenue	335	1,018	+683	+319.7%

Number of shipment volume of Aeropure



III. Financial forecast

Consolidated Performance



Revised full-year earnings forecast due to current business conditions and changes in exchange rate assumptions(US dollar : 105 yen → 109yen, Euro : 125 yen → 129 yen)

(Millions of JPY)	FY2020	FY2021	FY2021	YoY Comparison		Change from previous forecast
	Actual	Previous forecast (2/12)	Revised forecast	Change	Change rate	Change
Orders	161,136	185,000	185,000	+23,863	+14.8%	-
Revenue	158,542	184,000	174,500	+15,957	+10.1%	(9,500)
Operating profit	10,229	10,500	9,000	(1,229)	(12.0%)	(1,500)
Operating margin	6.5%	5.7%	5.2%			
Profit before tax	9,045	9,400	8,700	(345)	(3.8%)	(700)
Pretax profit margin	5.7%	5.1%	5.0%			
attributable to owners of the company						
Profit for the year	6,560	6,800	4,700	(1,860)	(28.4%)	(2,100)
Profit margin attributable to owners of the company	4.1%	3.7%	2.7%			
Average/Forecast						
Against the US dollar (Yen)	107.82	105.00	109.00	+1.18		+4.00
Against the euro (Yen)	129.89	125.00	129.00	(0.89)		+4.00
Forex sensitivity for FY2021 (When yen was depreciated by 1 yen)						
US dollar (Yen)		Revenue +390 million yen		Operating profit +10 million yen		
Euro (Yen)		Revenue +370 million yen		Operating profit +70 million yen		

Performance by Business Segment



(Millions of JPY)	FY2020	FY2021	FY2021	YoY comparison		Change from previous forecast
	Actual	Previous forecast	Revised forecast	Change	Change rate	Change
Orders	161,136	185,000	185,000	+23,863	+14.8%	
Industrial Business	93,222	103,800	110,700	+17,477	+18.7%	+6,900
Industrial	81,736	86,800	97,200	+15,463	+18.9%	+10,400
Aerospace	9,655	11,000	10,100	+444	+4.6%	(900)
Medical Business	68,127	84,500	76,000	+7,872	+11.6%	(8,500)
Revenue	158,542	184,000	174,500	+15,957	+10.1%	(9,500)
Industrial Business	91,796	102,800	100,200	+8,403	+9.2%	(2,600)
Industrial	80,529	85,800	86,500	+5,970	+7.4%	+700
Aerospace	9,551	11,000	10,300	+748	+7.8%	(700)
Medical Business	66,959	84,500	76,000	+9,040	+13.5%	(8,500)
Operating Profit	10,229	10,500	9,000	(1,229)	(12.0%)	(1,500)
Operating margin	6.5%	5.7%	5.2%			
Industrial Business	6,492	3,900	4,600	(1,892)	(29.1%)	+700
Operating margin	7.1%	3.8%	4.6%			
Medical Business	7,652	10,700	8,700	+1,047	+13.7%	(2,000)
Operating margin	11.4%	12.7%	11.4%			
Corporate expenses	(3,952)	(4,100)	(4,200)	(247)		(100)

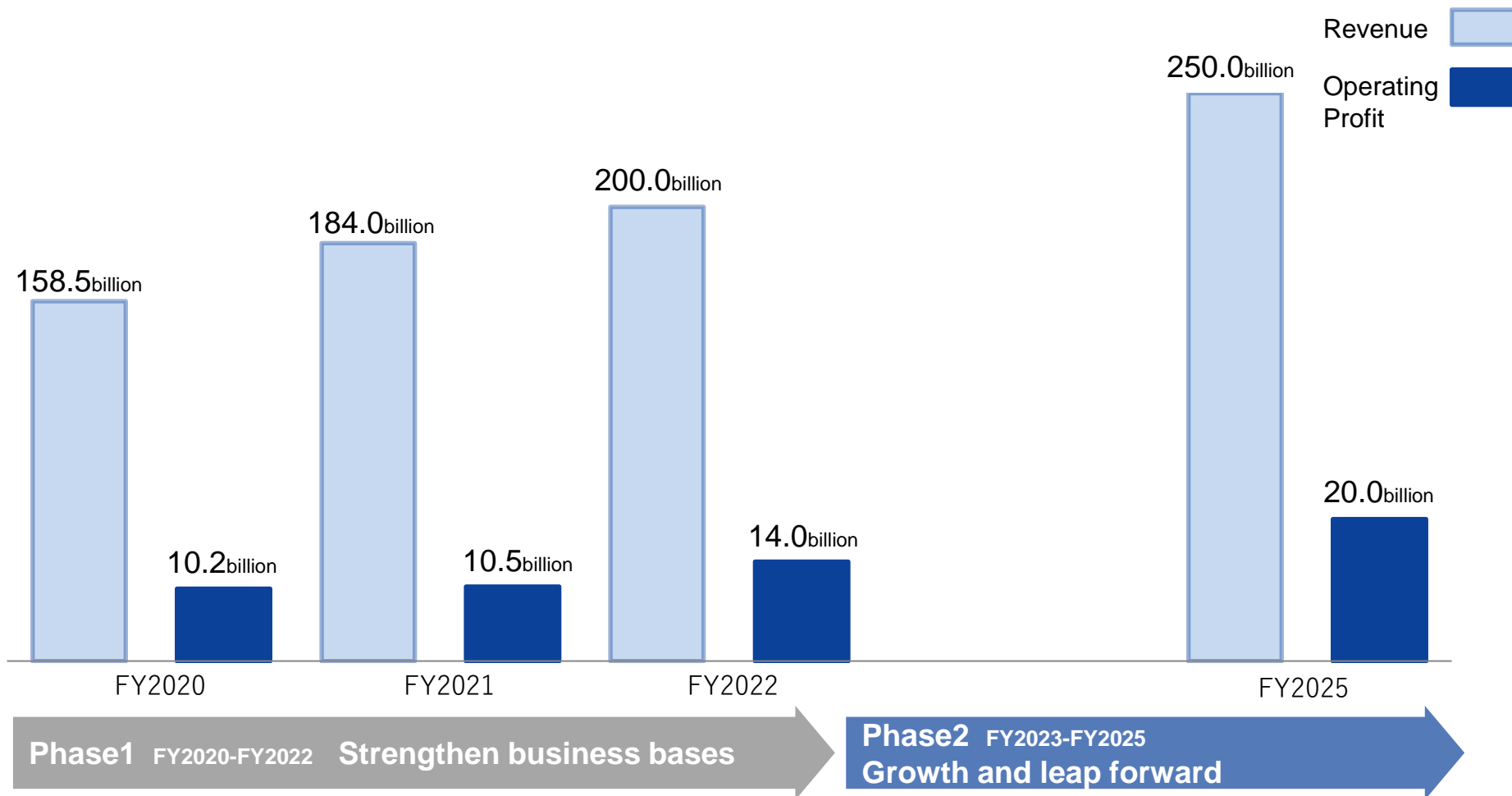
※ · Amounts by segment and division represent those before eliminating intersegment transactions.
 · Figures for the Healthcare Business are included in those of the Medical Business.

Appendix

Medium-Term Business Plan “Nikkiso 2025” for FY2020-FY2025

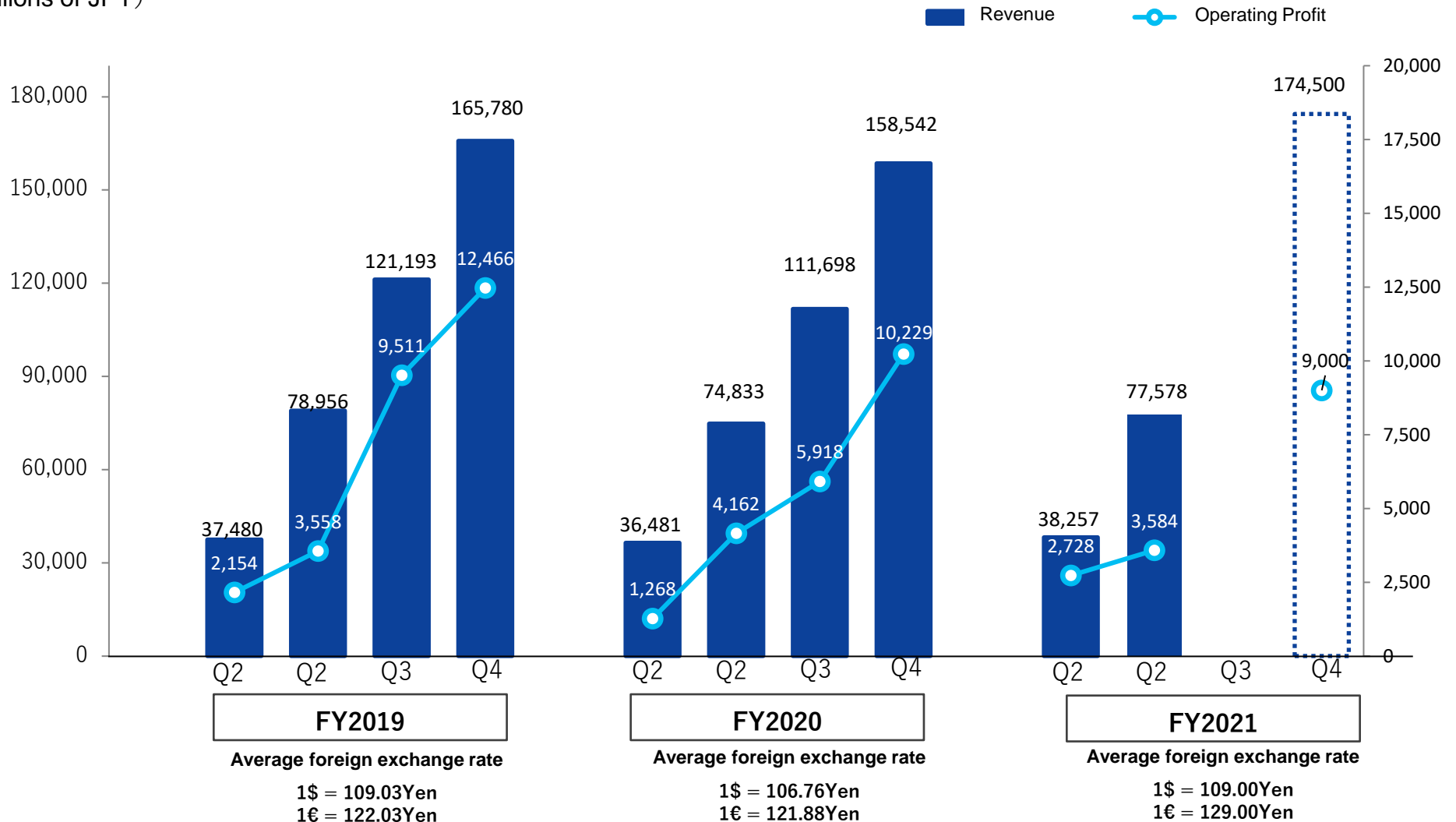


Strengthen our business bases by categorizing the first 3 years of the 6-year plan as Phase 1, and then make our existing investments successful and turn each strategy into an achievement in the latter half of the plan (Phase 2).



Quarterly results trend

(Millions of JPY)



Consolidated Statement of Financial Position

(Millions of JPY)	As of end of December 2020		As of end of June 2021		Change
	Amount	Composition ratio	Amount	Composition ratio	
Total assets	272,894	100.0%	290,161	100.0%	+17,266
Total current assets	124,562	45.6%	131,024	45.2%	+6,462
Cash and cash equivalents	28,570	10.5%	30,487	10.5%	+1,917
Trade and other receivables	51,467	18.9%	49,199	17.0%	△2,267
Inventories	40,300	14.8%	45,309	15.6%	+5,008
Total non-current assets	148,332	54.4%	159,136	54.8%	+10,804
Property, plant and equipment	48,480	17.8%	55,032	19.0%	+6,551
Goodwill and Intangible assets	59,090	21.7%	61,555	21.2%	+2,465
Total liabilities	184,715	67.7%	196,026	67.6%	+11,310
Trade and other payables	26,769	9.8%	26,258	9.0%	△510
Bonds and borrowings	117,580	43.1%	123,526	42.6%	+5,945
Total equity	88,179	32.3%	94,135	32.4%	+5,955

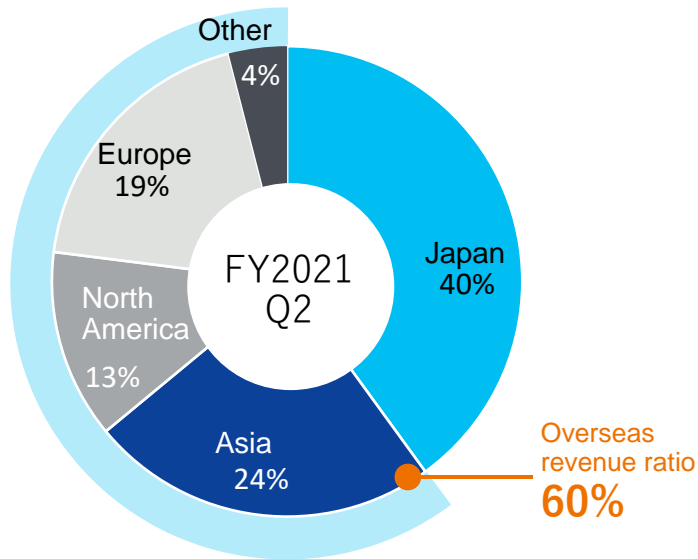
Consolidated Statement of Cash Flows



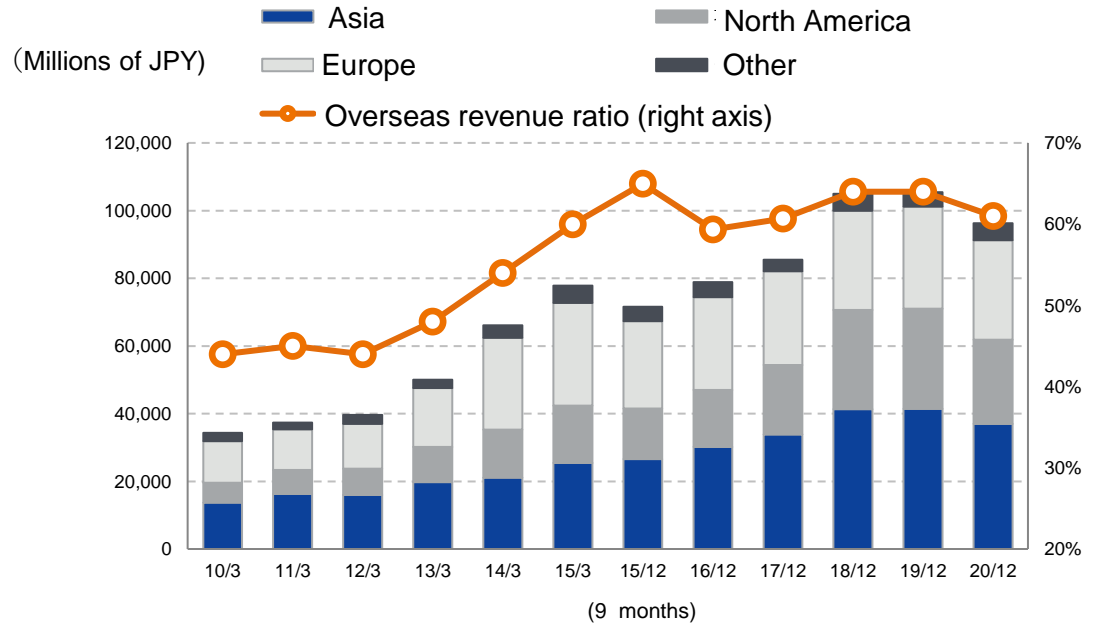
(Millions of JPY)	FY2020 2Qtr	FY2021 2Qtr	Change
Cash flows from operating activities	6,736	6,070	(666)
Profit before tax	3,863	4,120	+257
Depreciation and amortization	4,296	4,709	+412
Increase(decrease) of working capital (trade receivables/payables and inventories)	(1,608)	(1,475)	+133
Cash flows from investment activities	(9,061)	(8,844)	+216
Purchase of property, plant and equipment	(6,879)	(8,580)	(1,700)
Purchase of intangible assets	(606)	(535)	+71
Free cash flows	(2,324)	(2,773)	(449)
Cash flows from financing activities	11,367	3,197	(8,170)
increase(decrease) in borrowings	13,621	5,479	(8,141)
Dividends paid	(712)	(712)	
Cash and cash equivalents at the end of year	28,875	30,487	+1,611

Revenue Composition Ratio by Region

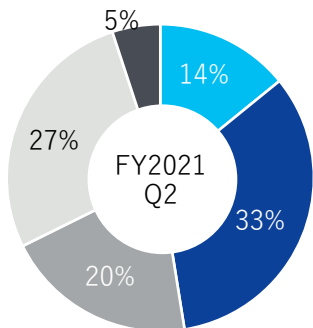
Nikkiso group total



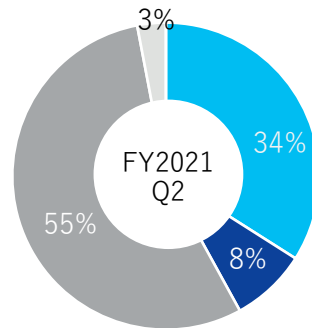
Revenue trend by overseas region



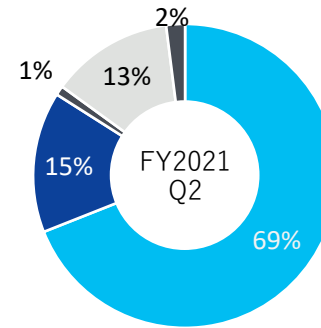
Industrial



Aerospace



Medical



Breakdown of forex sensitivity

※When yen was depreciated by 1 yen

(Millions of JPY)	FY2021 Performance forecast			
	Against the US dollar		Against the euro	
	Revenue	Operating profit	Revenue	Operating profit
Industrial Division	+290	+20	+290	+30
Aerospace Division	+80	+40	+0	+0
Medical Division	+20	△50	+80	+40
Total	+390	+10	+370	+70
Average/Forecast (Yen)		109.00		129.00

Financial data

	FY2017	FY2018	FY2019	FY2020
Earnings per share (Basic)	72.82yen	104.63yen	95.68yen	92.08yen
Return on equity (ROE)	7.3%	9.8%	8.6%	7.8%
Return on asset (ROA)	3.9%	3.9%	4.5%	3.4%
Operating margin	6.2%	6.2%	7.5%	6.5%
Equity ratio	30.7%	30.7%	32.2%	31.6%
Debt/equity ratio	1.63times	1.53times	1.28times	1.36times

(Millions of JPY)	FY2017	FY2018	FY2019	FY2020
Capital expenditure	7,508	12,869	7,220	13,124
Research and development expenditure	2,435	2,387	2,346	1,954
Depreciation and amortization	5,246	6,335	8,994	8,789

Quarterly orders/order backlog trend of Industrial Division

Orders

(Millions of JPY)		1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
FY2019		21,676	19,727	18,147	18,075
	overseas	20,422	16,050	16,819	15,939
FY2020		20,251	16,636	17,768	21,823
	overseas	18,241	14,339	15,903	19,561
FY2021		20,382	28,247		
	overseas	18,470	23,726		

Order Backlog

(Millions of JPY)		1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
FY2019		47,813	49,402	48,938	46,058
	Overseas	44,435	44,282	44,900	41,700
FY2020		49,883	48,548	47,227	47,705
	overseas	45,730	44,355	43,125	43,878
FY2021		51,070	61,659		
	overseas	47,091	56,874		

* · Amounts by segment represent those after eliminating intersegment transactions.
 · Figures for the Precision Equipment Division are not included in those of the Industrial Division.

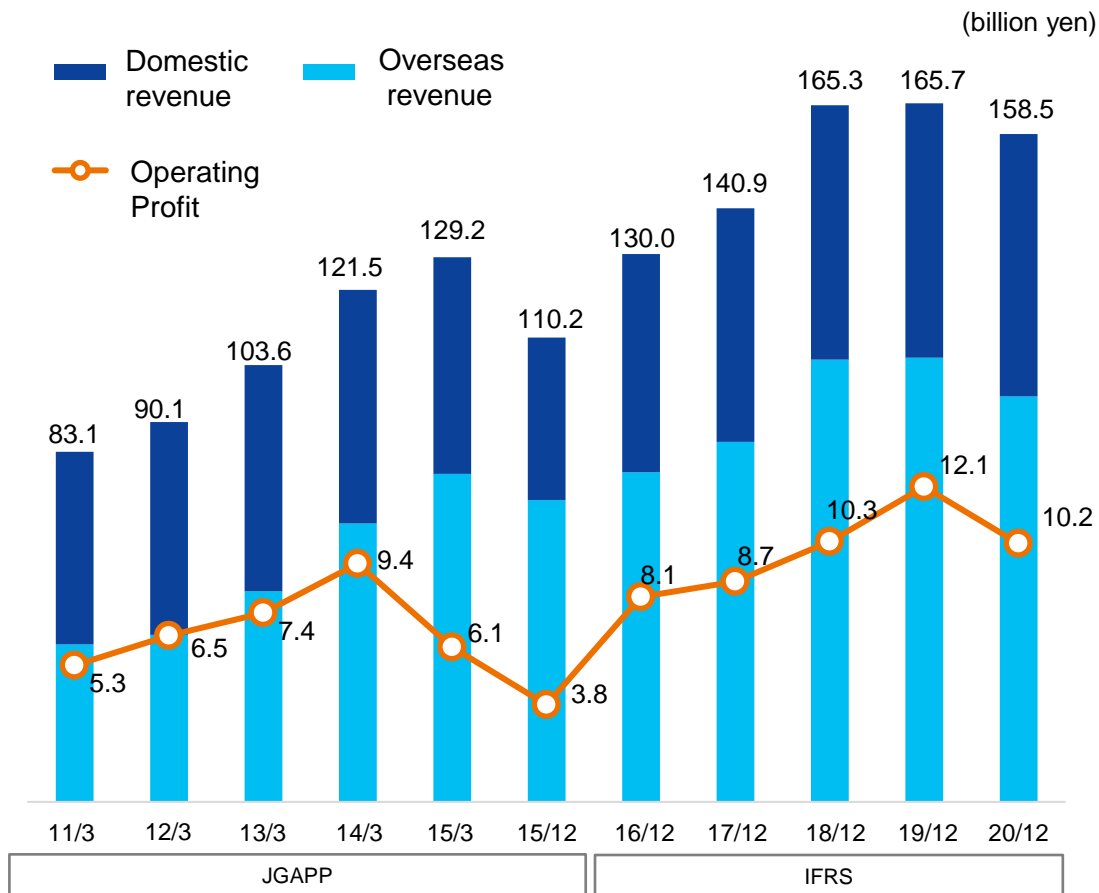
Quarterly revenue trend

(Millions of JPY)		1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Industrial	FY2019	17,536	18,138	18,610	20,953
	overseas	15,595	16,203	16,567	18,535
	FY2020	17,227	17,971	19,079	20,292
	overseas	15,012	15,714	17,123	17,754
	FY2021	17,963	19,128		
	overseas	15,502	16,367		
Aerospace	FY2019	4,168	4,431	4,656	4,698
	overseas	3,389	3,704	3,803	3,874
	FY2020	3,664	1,734	1,416	2,736
	overseas	2,892	1,539	1,019	2,035
	FY2021	1,750	2,536		
	overseas	1,406	1,408		
Medical	FY2019	13,175	15,861	16,681	16,327
	overseas	4,193	4,703	4,420	5,255
	FY2020	14,372	16,947	15,121	20,512
	overseas	4,849	5,082	4,545	5,844
	FY2021	18,162	17,301		
	overseas	5,526	5,405		

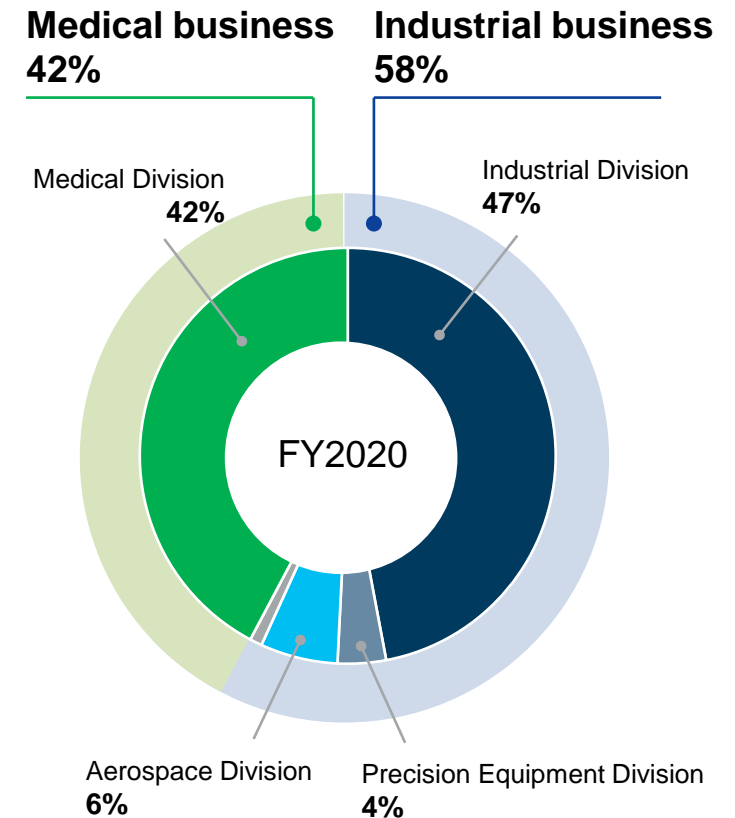
- Amounts by segment and division represent those before eliminating intersegment transactions.
- Figures for the Precision Equipment Division are included in those of the Industrial Division.
- Figures for the Healthcare Business are included in those of the Medical Business.

Company Information

11-Year Summary



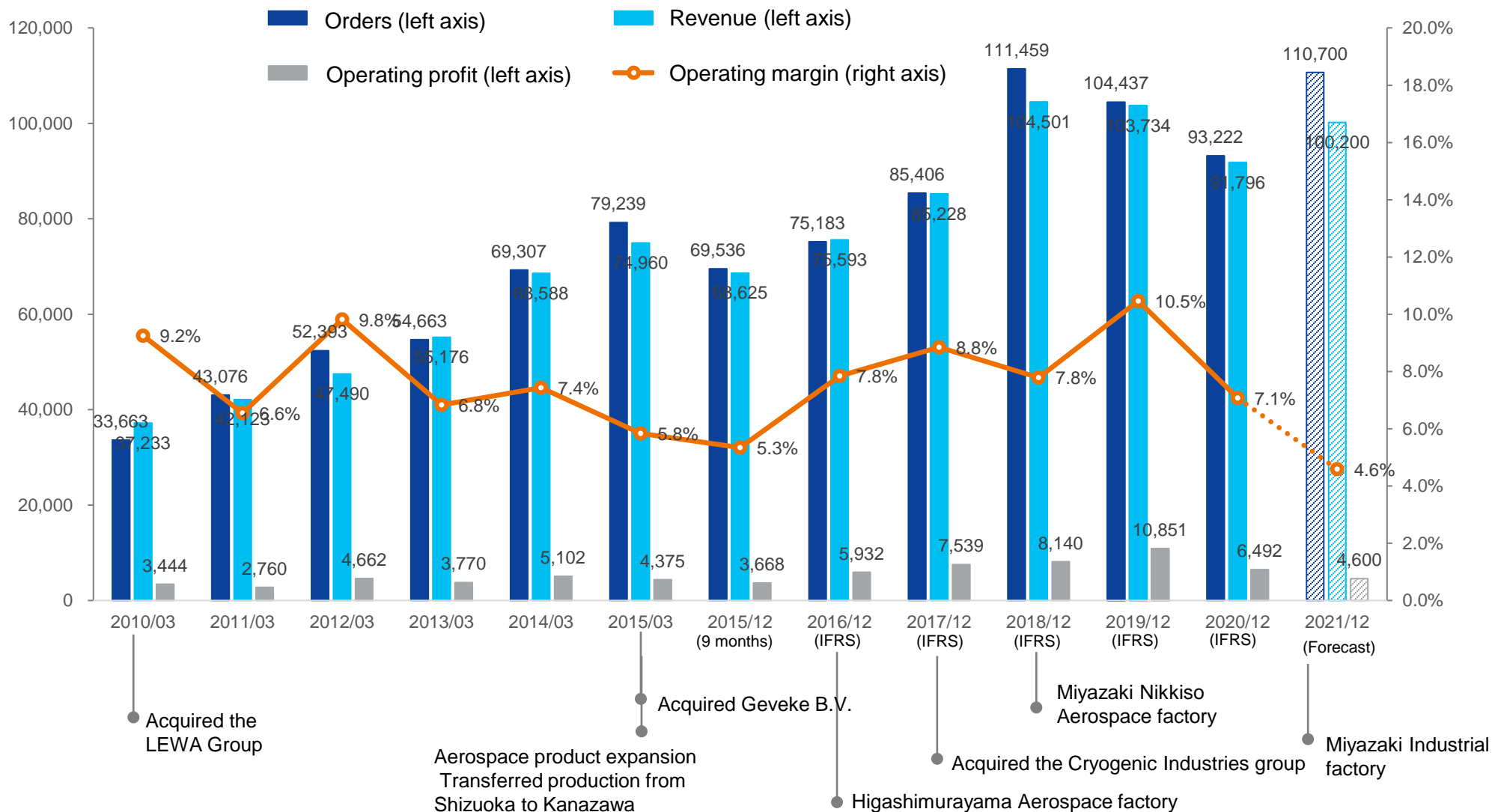
Revenue by segment



Performance trend of Industrial Business



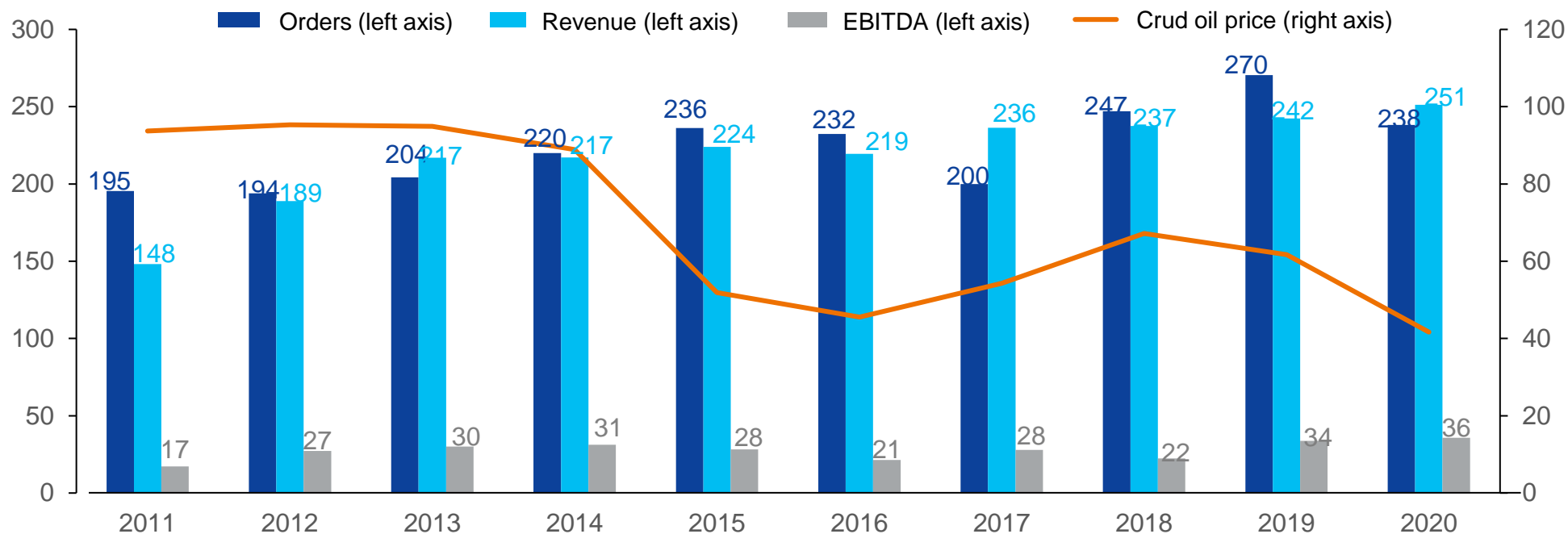
(Millions of JPY)



Performance trend of LEWA

(Millions of €)

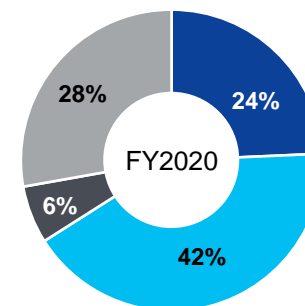
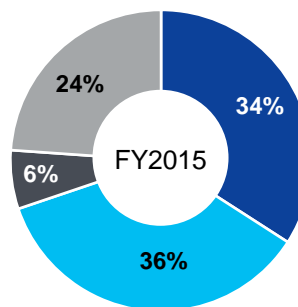
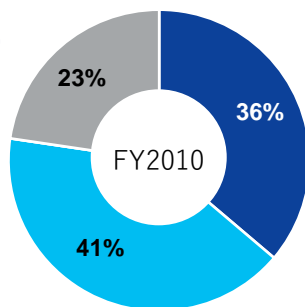
(\$/barrel)



(Source) Crude oil price : The World Bank Group「Commodity Markets Outlook」

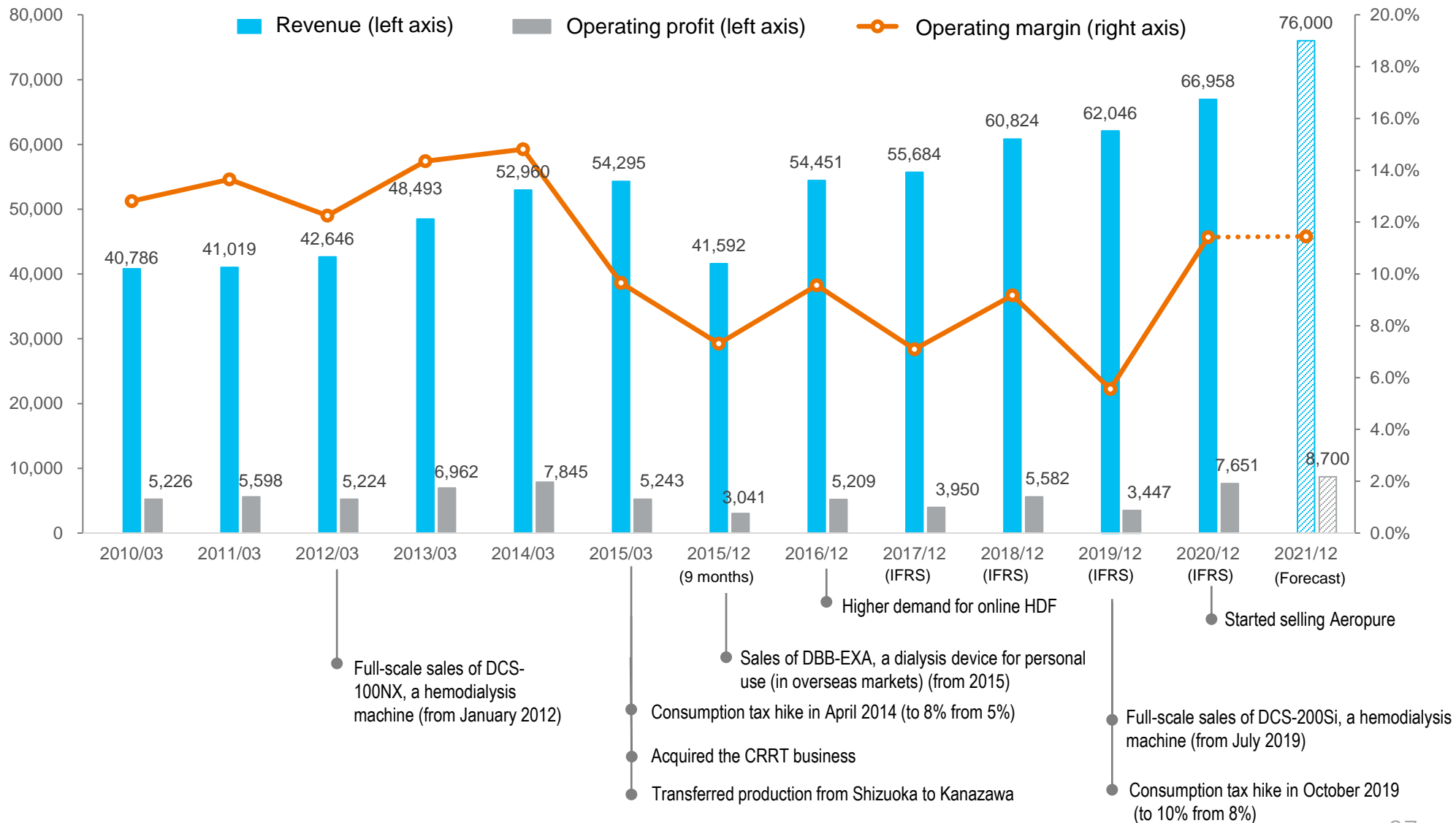
Revenue Composition ratio

- Oil&Gas
- Process industry
- Clean market
- After service



Performance trend of Medical Business

(Millions of JPY)



History

