

**Summary of Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2020
(Three Months Ended June 30, 2019)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: August 9, 2019
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on August 2, 2019, at 15:00 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter Ended June 30, 2019 (Apr. 1, 2019 – Jun. 30, 2019)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2019	5,185	(25.4)	260	(68.4)	335	(60.7)	223	(61.2)
Three months ended Jun. 30, 2018	6,946	28.6	823	20.5	853	22.2	576	17.2

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2019: 4 (down 99.0%)
 Three months ended Jun. 30, 2018: 443 (down 35.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2019	12.37	-
Three months ended Jun. 30, 2018	31.90	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2019	38,168	27,960	72.9
As of Mar. 31, 2019	38,728	28,227	72.5

Reference: Shareholders' equity (million yen) As of Jun. 30, 2019: 27,814 As of Mar. 31, 2019: 28,083

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2019	-	15.00	-	15.00	30.00
Fiscal year ending Mar. 31, 2020	-	-	-	-	-
Fiscal year ending Mar. 31, 2020 (forecast)	-	15.00	-	15.00	30.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2020 (Apr. 1, 2019 – Mar. 31, 2020)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	15,900	7.0	2,050	26.4	2,070	22.3	1,450	23.3	80.25
Full year	33,000	3.7	4,250	10.4	4,300	9.6	3,050	6.8	168.81

Note: Revisions to the most recently announced consolidated earnings forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Jun. 30, 2019:	18,098,923 shares	As of Mar. 31, 2019:	18,098,923 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2019:	31,269 shares	As of Mar. 31, 2019:	31,269 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2019:	18,067,654 shares	Three months ended Jun. 30, 2018:	18,067,679 shares
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* The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

- Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 3 of the attachments "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements."

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the fiscal year ending March 31, 2020, the overall outlook for the world economy remained uncertain on more noticeable signs that the economy has stalled, slowed or worsened in many developed nations and part of emerging nations are caught in the middle-income country trap, amid the speculation that in the U.S. where the economy has reportedly been recovering, the Fed is lowering interest rates for preventive purposes.

Under these circumstances and faced with a globally growing trend toward a low carbon society less reliant on carbon-intensive “fuels” including “coals and oil,” the Group is aspiring to become a leading precision FA manufacturer producing “coils and motors” that replace such carbon-intensive fuels, to ultimately build a safer environment. To this end, the Group has been engaged in business activities focused on R&D to fulfill social responsibilities as well as achieve sustainable growth in step with society.

The latest business environment surrounding Nittoku Engineering is mixed in that some customers have cut down on their capital investments on the back of the U.S.-China trade conflict and when they will reverse their wait-and-see stance is still unclear; but in the fields of “digitization,” “connected society” and “robotics” aiming for environment protection and safety, customers have continued to place orders for their plants and equipment, and thus, we have continued to produce products in line with the production schedule these customers have set to keep up with trends in the global society. We also believe that a number of challenges relevant for our Group, including EV and electrification of vehicles, 5G-compatible infrastructure and facilities, production automation and integration of production processes into one line, are never-ending.

In the first quarter, looking at our businesses for each market, the demand from automakers in the fields of environmental regulatory and safety compliance remained strong. More specifically, electronics components manufacturers in the information and communications segment continually made capital investments to meet demand from their own customers.

All in all, profits decreased year on year since the number of development-intensive deals was relatively large and the fixed ratio rose in the first quarter due to the fact that deliveries of products to customers are comparatively concentrated in the second quarter and later this fiscal year.

As a result, net sales decreased 25.4% year on year to 5,185 million yen, with operating profit of 260 million yen (down 68.4% year on year), ordinary profit of 335 million yen (down 60.7% year on year), and profit attributable to owners of parent of 223 million yen (down 61.2% year on year).

Results by business segment were as follows.

Winding System & Mechatronics Business

Automotive motors are increasingly sophisticated in recent years; such sophistication includes the “running” performance with EV main motors and power generation motors, the “turning” performance with electric power steering motor systems, and “stopping” performance with electric brake motor systems. In fact, the demand for assembly lines for these motors, which require relatively a large amount of capital investments, has remained solid. In the information and communications segment, although the number of smartphone related facilities is on the decline due partly to the U.S.-China trade tensions, the Group intermittently received orders related to information equipment and wireless communications products. As a result, the volume of orders for engineer-to-order products, which plunged in the fourth quarter of the previous fiscal year, recovered to 70% of the orders received in the third quarter of the previous fiscal year.

Consequently, consolidated sales of the Winding System & Mechatronics Business, which accounts for about 94% of total sales, were 4,874 million yen (down 27.7% year on year), and segment profit (operating profit) was 379 million yen (down 64.1% year on year). On a non-consolidated basis, segment orders were 4,951 million yen (down 43.9% year on year), sales were 3,988 million yen (down 28.6% year on year), and the order backlog at the end of the first quarter of the current fiscal year was 14,825 million yen (down 26.0% year on year).

Contactless IC Tag & Card Business

In the first quarter of the current fiscal year, demand on IC tags for production control saw a recovering trend, resulting in increases in both orders and sales.

Accordingly, consolidated sales of the Contactless IC Tag & Card Business were 310 million yen (up 53.6% year on year), and segment profit (operating profit) was 128 million yen (up 1,739.3% year on year). On a non-consolidated basis, segment orders were 285 million yen (up 39.5% year on year), sales were 310 million yen (up 53.6% year on year), and the order backlog at the end of the first quarter of the current fiscal year was 207 million yen (up 9.7% year on year).

(2) Explanation of Financial Position

1) Assets

Current assets decreased 1,053 million yen from the end of the previous fiscal year to 26,869 million yen. This was mainly due to a decrease of 2,364 million yen in notes and accounts receivable-trade, which was partially offset by an increase of 1,343 million yen in electronically recorded monetary claims-operating.

Non-current assets increased 494 million yen from the end of the previous fiscal year to 11,299 million yen. This was mainly attributable to an increase of 546 million yen in construction in progress included in other, net.

As a result, total assets decreased 559 million yen from the end of the previous fiscal year to 38,168 million yen.

2) Liabilities

Current liabilities decreased 421 million yen from the end of the previous fiscal year to 9,740 million yen. This was mainly attributable to a decrease of 1,346 million yen in electronically recorded obligations-operating, which was partially offset by an increase of 1,000 million yen in short-term borrowings.

Non-current liabilities increased 128 million yen from the end of the previous fiscal year to 468 million yen. This was mainly attributable to an increase of 82 million yen in lease obligations included in other.

As a result, total liabilities decreased 293 million yen from the end of the previous fiscal year to 10,208 million yen.

3) Net assets

Total net assets decreased 266 million yen from the end of the previous fiscal year to 27,960 million yen.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements

There are no revisions to the full-year consolidated earnings forecast for the fiscal year ending March 31, 2020, which was announced on May 10, 2019.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	First quarter of FY3/20 (As of Jun. 30, 2019)
Assets		
Current assets		
Cash and deposits	10,125,865	9,734,577
Notes and accounts receivable-trade	7,899,694	5,535,369
Electronically recorded monetary claims-operating	1,256,936	2,600,679
Securities	200,158	200,555
Work in process	5,944,591	6,822,476
Raw materials and supplies	1,418,812	1,335,451
Other	1,114,577	676,993
Allowance for doubtful accounts	(37,544)	(36,965)
Total current assets	27,923,090	26,869,135
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,413,044	3,424,710
Machinery, equipment and vehicles, net	574,135	553,421
Land	1,968,801	1,968,801
Other, net	836,752	1,542,872
Total property, plant and equipment	6,792,733	7,489,807
Intangible assets		
Goodwill	3,769	-
Other	170,039	159,310
Total intangible assets	173,808	159,310
Investments and other assets		
Investment securities	2,850,374	2,626,917
Other	988,308	1,023,600
Total investments and other assets	3,838,683	3,650,518
Total non-current assets	10,805,225	11,299,635
Total assets	38,728,315	38,168,770

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	First quarter of FY3/20 (As of Jun. 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,129,647	1,736,118
Electronically recorded obligations-operating	4,420,531	3,073,851
Short-term borrowings	-	1,000,000
Income taxes payable	657,314	128,484
Provision for bonuses	538,105	411,843
Other	2,415,879	3,389,706
Total current liabilities	10,161,478	9,740,003
Non-current liabilities		
Deferred tax liabilities	25,317	64,480
Retirement benefit liability	87,291	93,578
Other	226,964	309,943
Total non-current liabilities	339,573	468,002
Total liabilities	10,501,052	10,208,005
Net assets		
Shareholders' equity		
Share capital	6,884,928	6,884,928
Capital surplus	2,535,775	2,535,775
Retained earnings	17,608,874	17,561,278
Treasury shares	(25,341)	(25,341)
Total shareholders' equity	27,004,236	26,956,640
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	594,710	584,822
Foreign currency translation adjustment	460,029	246,268
Remeasurements of defined benefit plans	24,553	26,334
Total accumulated other comprehensive income	1,079,293	857,425
Non-controlling interests	143,733	146,698
Total net assets	28,227,263	27,960,765
Total liabilities and net assets	38,728,315	38,168,770

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Three-month Period)**

(Thousands of yen)

	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)	First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)
Net sales	6,946,786	5,185,392
Cost of sales	5,039,395	3,862,657
Gross profit	1,907,391	1,322,735
Selling, general and administrative expenses	1,083,987	1,062,395
Operating profit	823,403	260,339
Non-operating income		
Dividend income	18,628	21,405
Foreign exchange gains	24,054	38,448
Other	20,341	20,624
Total non-operating income	63,024	80,478
Non-operating expenses		
Loss on transfer of receivables	4,263	1,028
Loss on retirement of non-current assets	421	1,859
Other	28,157	2,167
Total non-operating expenses	32,842	5,055
Ordinary profit	853,586	335,762
Profit before income taxes	853,586	335,762
Income taxes-current	120,276	68,408
Income taxes-deferred	138,910	38,350
Total income taxes	259,187	106,758
Profit	594,398	229,004
Profit attributable to non-controlling interests	17,990	5,584
Profit attributable to owners of parent	576,407	223,419

Quarterly Consolidated Statement of Comprehensive Income
(For the Three-month Period)

	(Thousands of yen)	
	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)	First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)
Profit	594,398	229,004
Other comprehensive income		
Valuation difference on available-for-sale securities	(123,938)	(9,887)
Foreign currency translation adjustment	(31,719)	(216,380)
Remeasurements of defined benefit plans, net of tax	4,657	1,780
Total other comprehensive income	(151,000)	(224,487)
Comprehensive income	443,397	4,516
Comprehensive income attributable to:		
Owners of parent	427,727	1,551
Non-controlling interests	15,669	2,965

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)

Not applicable.

Segment and Other Information

I. First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	6,744,523	202,263	6,946,786
Inter-segment sales and transfers	-	-	-
Total	6,744,523	202,263	6,946,786
Segment profit	1,057,944	6,971	1,064,915

2. Reconciliation of amounts shown on the quarterly consolidated statement of income with total profit or loss for reportable segments (Thousands of yen)

Profit	Amount
Total for reportable segments	1,064,915
Corporate expenses (Note)	(241,511)
Operating profit on the quarterly consolidated statement of income	823,403

Note: Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segment.

II. First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	4,874,770	310,622	5,185,392
Inter-segment sales and transfers	-	-	-
Total	4,874,770	310,622	5,185,392
Segment profit	379,597	128,216	507,814

2. Reconciliation of amounts shown on the quarterly consolidated statement of income with total profit or loss for reportable segments (Thousands of yen)

Profit	Amount
Total for reportable segments	507,814
Corporate expenses (Note)	(247,474)
Operating profit on the quarterly consolidated statement of income	260,339

Note: Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segment.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.