

**Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020**
**[Japanese GAAP]**

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Scheduled date of Annual General Meeting of Shareholders: June 26, 2020  
 Scheduled date of filing of Annual Securities Report: June 29, 2020  
 Scheduled date of payment of dividend: June 29, 2020  
 Preparation of supplementary materials for financial results: Yes  
 Holding of financial results meeting: None

Note: The original disclosure in Japanese was released on May 22, 2020, at 15:00 (GMT +9).

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

**1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)**

(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	%
Fiscal year ended Mar. 31, 2020	27,492	(13.6)	2,484	(35.4)	2,668	(32.0)	2,120	(25.8)
Fiscal year ended Mar. 31, 2019	31,835	3.7	3,848	(4.3)	3,921	(3.4)	2,856	(10.8)

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2020: 1,673 (down 31.8%)  
 Fiscal year ended Mar. 31, 2019: 2,454 (down 35.2%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2020	117.36	-	7.4	7.0	9.0
Fiscal year ended Mar. 31, 2019	158.08	-	10.5	10.3	12.1

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2020: - Fiscal year ended Mar. 31, 2019: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2020	37,594	29,359	77.6	1,615.68
As of Mar. 31, 2019	38,728	28,227	72.5	1,554.35

Reference: Shareholders' equity (million yen) As of Mar. 31, 2020: 29,191 As of Mar. 31, 2019: 28,083

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2020	3,246	(1,800)	(543)	8,466
Fiscal year ended Mar. 31, 2019	1,016	(2,424)	(560)	7,731

**2. Dividends**

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2019	-	15.00	-	15.00	30.00	542	19.0	2.0
Fiscal year ended Mar. 31, 2020	-	15.00	-	15.00	30.00	542	25.6	1.9
Fiscal year ending Mar. 31, 2021 (forecast)	-	15.00	-	15.00	30.00		-	

**3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)**

NITTOKU has not yet determined the consolidated earnings forecast for the fiscal year ending March 31, 2021 because it is difficult to make a reasonable estimate considering the impact of Novel Coronavirus Disease (hereinafter, COVID-19) outbreak at this time. We will immediately release the forecast in a timely manner once the reasonable estimate becomes available.

**\* Notes**

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

(2) 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

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2020: 18,098,923 shares As of Mar. 31, 2019: 18,098,923 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2020: 31,367 shares As of Mar. 31, 2019: 31,269 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2020: 18,067,618 shares Fiscal year ended Mar. 31, 2019: 18,067,659 shares

**Reference: Summary of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)**

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2020	22,914	(15.7)	1,467	(49.0)	1,517	(48.5)	1,321	(37.5)
Fiscal year ended Mar. 31, 2019	27,189	(0.9)	2,876	(2.1)	2,945	(1.1)	2,112	7.7

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2020	73.13	-
Fiscal year ended Mar. 31, 2019	116.92	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2020	29,945	23,087	77.1	1,277.85
As of Mar. 31, 2019	32,201	22,453	69.7	1,242.74

Reference: Shareholders' equity (million yen) As of Mar. 31, 2020: 23,087 As of Mar. 31, 2019: 22,453

**2. Non-consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)**

NITTOKU has not yet determined the non-consolidated earnings forecast for the fiscal year ending March 31, 2021 because it is difficult to make a reasonable estimate considering the impact of the COVID-19 outbreak at this time. We will immediately release the forecast in a timely manner once the reasonable estimate becomes available.

\* The current financial report is not subject to audit procedures by certified public accountants or auditing firms.

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

- NITTOKU has not yet determined the consolidated and non-consolidated earnings forecasts for the fiscal year ending March 31, 2021 because it is difficult to make a reasonable estimate considering the impact of the COVID-19 outbreak at this time. For more details, please refer to the attachments "1. Overview of Results of Operations, (4) Outlook."

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## 1. Overview of Results of Operations

### (1) Overview of Results of Operations for the Current Fiscal Year

During the fiscal year ended March 31, 2020, the business environment for the NITTOKU Group (the “Group”) remained subdued, as customers globally continued to be cautious about capital expenditures due to the impact of the trade friction between the U.S. and China. In addition, particularly during the fourth quarter, the outbreak of COVID-19 impeded production activities and dampened consumer spending in no time, causing an unprecedented damage to the economy.

The Group’s management strategy is centered on the development and manufacture of automated production equipment for coils and motors, which are key devices for measures for environmental protection, a primary agenda of SDGs (Sustainable Development Goals). In the wake of the COVID-19 outbreak and subsequent downturn in economy, however, the Group’s development schedule for hardware and devices related to our customers was on hold and customer inquiries were left unaddressed with some exceptions.

Under this business environment, the Group strived to manufacture products to deliver orders received but was unable to ship and subsequently record sales of all of these products by the end of the current fiscal year partly because the government’s request to restrict movement of people made it difficult to implement pre-shipment inspection.

As a result of the above, net sales decreased 13.6% year on year to 27,492 million yen, with operating profit of 2,484 million yen (down 35.4% year on year) and ordinary profit of 2,668 million yen (down 32.0% year on year). Meanwhile, profit attributable to owners of parent decreased 25.8% year on year to 2,120 million yen partly because the booking of subsidy income of 212 million yen.

Results by business segment were as follows.

#### **Winding System & Mechatronics Business**

During the fiscal year ended March 31, 2020, the overall earnings from this business segment, including sales of the equipment to produce coils for electronic components and automotive motors, dropped, as the demand for capital investments stagnated due especially to the aforementioned U.S.-China trade friction and the COVID-19 outbreak.

As a result of the above, the Winding System & Mechatronics Business segment, which accounts for about 95% of the Group’s total net sales, reported net sales of 26,087 million yen (down 15.5% year on year) and segment profit (operating profit) of 3,253 million yen (down 31.1% year on year) on a consolidated basis. On a non-consolidated basis, the segment reported orders received of 17,842 million yen (down 23.4% year on year), net sales of 21,510 million yen (down 17.9% year on year), and the order backlog at the end of the current fiscal year of 10,194 million yen (down 26.5% year on year).

#### **Contactless IC Tag & Card Business**

During the current fiscal year, both orders received and sales increased for this business segment, helped by strong demand aimed at expansion of IC cards.

As a result, net sales of the Contactless IC Tag & Card Business were 1,404 million yen (up 44.2% year on year), and segment profit (operating profit) was 366 million yen (up 206.5% year on year) on a consolidated basis. On a non-consolidated basis, orders received were 2,293 million yen (up 124.8% year on year), net sales were 1,404 million yen (up 44.2% year on year), and the order backlog at the end of the current fiscal year was 1,120 million yen (up 382.3% year on year).

### (2) Overview of Financial Position for the Current Fiscal Year

#### 1) Assets

Current assets decreased 3,297 million yen from the end of the previous fiscal year to 24,625 million yen. This was mainly attributable to decreases of 1,365 million yen in notes and accounts receivable-trade and 1,136 million yen in work in process.

Non-current assets increased 2,163 million yen from the end of the previous fiscal year to 12,968 million yen. This was

mainly attributable to increases of 1,415 million yen in buildings and structures, net, and 843 million yen in land, which were partially offset by a decrease of 646 million yen in investment securities.

As a result, total assets decreased 1,133 million yen from the end of the previous fiscal year to 37,594 million yen.

## 2) Liabilities

Current liabilities decreased 2,562 million yen from the end of the previous fiscal year to 7,599 million yen. This was mainly attributable to decreases of 665 million yen in notes and accounts payable-trade and 1,530 million yen in electronically recorded obligations-operating.

Non-current liabilities increased 296 million yen from the end of the previous fiscal year to 635 million yen. This was mainly attributable to an increase of 237 million yen in lease obligations included in other.

As a result, total liabilities decreased 2,265 million yen from the end of the previous fiscal year to 8,235 million yen.

## 3) Net assets

Total net assets increased 1,131 million yen from the end of the previous fiscal year to 29,359 million yen.

### (3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents (hereinafter “net cash”) at the end of the current fiscal year increased 734 million yen from the end of the previous fiscal year to 8,466 million yen. The cash flow components during the current fiscal year and the main reasons for changes are as described below.

#### Cash flows from operating activities

Net cash provided by operating activities was 3,246 million yen (compared with 1,016 million yen provided for the previous fiscal year). Main factors include profit before income taxes of 2,764 million yen, depreciation of 539 million yen and a decrease of 1,961 million yen in trade receivables, which were partially offset by a decrease of 2,138 million yen in trade payables and income taxes paid of 1,176 million yen.

#### Cash flows from investing activities

Net cash used in investing activities was 1,800 million yen (compared with 2,424 million yen used for the previous fiscal year). Main factors include payments into time deposits of 3,211 million yen and purchase of property, plant and equipment of 2,562 million yen, which were partially offset by proceeds from withdrawal of time deposits of 3,770 million yen and proceeds from redemption of securities of 200 million yen.

#### Cash flows from financing activities

Net cash used in financing activities was 543 million yen (compared with 560 million yen used for the previous fiscal year), which was caused by dividends paid of 542 million yen.

### (4) Outlook

At present, it is difficult to objectively predict when and how the COVID-19 pandemic would converge, and therefore, we are not ready to schedule dates for acceptance inspection, shipping and delivery for orders we have already received from customers in Japan and abroad. Although the customers in some regions who showed interest in using our machines for micro speakers and automotive motors last year appear to have renewed their interest in and be considering ordering these machines, we expect our customers to generally remain cautious about capital investments for some time in the future. We therefore are not yet prepared to estimate orders we can receive in the next fiscal year. Given these circumstances, and since it is difficult to make an appropriate estimate considering the impact of COVID-19 on the Group’s business activities, we have decided not to forecast future earnings at this particular moment but instead announce the forecasts as soon as they become available.

## 2. Basic Approach to the Selection of Accounting Standards

NITTOKU currently uses Japanese accounting standards for its financial statements. To prepare for the voluntary application in the future of International Financial Reporting Standards (IFRS), we are preparing manuals and policies and considering the proper timing to start using these standards. Actions concerning these standards will be taken in an appropriate manner.

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

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	FY3/20 (As of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposits	10,125,865	10,264,802
Notes and accounts receivable-trade	7,899,694	6,534,039
Electronically recorded monetary claims-operating	1,256,936	533,105
Securities	200,158	200,055
Work in process	5,944,591	4,808,056
Raw materials and supplies	1,418,812	1,197,689
Consumption taxes receivable	622,818	572,200
Other	491,759	643,294
Allowance for doubtful accounts	(37,544)	(127,656)
Total current assets	27,923,090	24,625,586
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,413,044	4,828,497
Machinery, equipment and vehicles, net	574,135	781,280
Land	1,968,801	2,812,027
Other, net	836,752	974,848
Total property, plant and equipment	6,792,733	9,396,653
Intangible assets		
Goodwill	3,769	-
Other	170,039	193,670
Total intangible assets	173,808	193,670
Investments and other assets		
Investment securities	2,850,374	2,204,366
Insurance funds	722,383	839,653
Deferred tax assets	-	26,216
Other	265,924	308,333
Total investments and other assets	3,838,683	3,378,569
Total non-current assets	10,805,225	12,968,892
Total assets	38,728,315	37,594,479

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	FY3/20 (As of Mar. 31, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	2,129,647	1,464,017
Electronically recorded obligations-operating	4,420,531	2,889,566
Income taxes payable	657,314	91,071
Advances received	1,326,946	1,535,796
Provision for bonuses	538,105	451,039
Other	1,088,932	1,167,897
<b>Total current liabilities</b>	<b>10,161,478</b>	<b>7,599,390</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	25,317	31,283
Retirement benefit liability	87,291	134,382
Other	226,964	470,248
<b>Total non-current liabilities</b>	<b>339,573</b>	<b>635,914</b>
<b>Total liabilities</b>	<b>10,501,052</b>	<b>8,235,305</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	6,884,928	6,884,928
Capital surplus	2,535,775	2,535,775
Retained earnings	17,608,874	19,187,343
Treasury shares	(25,341)	(25,668)
<b>Total shareholders' equity</b>	<b>27,004,236</b>	<b>28,582,379</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	594,710	469,184
Foreign currency translation adjustment	460,029	122,522
Remeasurements of defined benefit plans	24,553	17,267
<b>Total accumulated other comprehensive income</b>	<b>1,079,293</b>	<b>608,974</b>
<b>Non-controlling interests</b>	<b>143,733</b>	<b>167,820</b>
<b>Total net assets</b>	<b>28,227,263</b>	<b>29,359,174</b>
<b>Total liabilities and net assets</b>	<b>38,728,315</b>	<b>37,594,479</b>

**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

(Thousands of yen)

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Net sales	31,835,923	27,492,121
Cost of sales	23,666,211	20,498,225
Gross profit	8,169,712	6,993,896
Selling, general and administrative expenses	4,321,122	4,509,626
Operating profit	3,848,589	2,484,270
Non-operating income		
Interest income	34,243	27,182
Dividend income	40,842	48,554
Foreign exchange gains	-	57,161
Subsidy income	18,094	-
Other	38,015	69,857
Total non-operating income	131,196	202,756
Non-operating expenses		
Interest expenses	427	4,015
Loss on transfer of receivables	7,493	3,743
Depreciation	4,440	4,011
Loss on retirement of non-current assets	32,487	6,061
Other	13,327	1,061
Total non-operating expenses	58,176	18,893
Ordinary profit	3,921,610	2,668,133
Extraordinary income		
Gain on sales of investment securities	140,945	-
Subsidy income	-	212,784
Total extraordinary income	140,945	212,784
Extraordinary losses		
Loss on sales of investment securities	-	59,392
Loss on valuation of investment securities	-	57,160
Total extraordinary losses	-	116,553
Profit before income taxes	4,062,555	2,764,364
Income taxes-current	1,075,585	581,797
Income taxes-deferred	91,048	29,109
Total income taxes	1,166,634	610,906
Profit	2,895,921	2,153,457
Profit attributable to non-controlling interests	39,823	32,958
Profit attributable to owners of parent	2,856,097	2,120,498

**Consolidated Statement of Comprehensive Income**

	(Thousands of yen)	
	FY3/19	FY3/20
	(Apr. 1, 2018 – Mar. 31, 2019)	(Apr. 1, 2019 – Mar. 31, 2020)
Profit	2,895,921	2,153,457
Other comprehensive income		
Valuation difference on available-for-sale securities	(464,687)	(125,526)
Foreign currency translation adjustment	(58,375)	(346,723)
Remeasurements of defined benefit plans, net of tax	81,220	(7,285)
Total other comprehensive income	(441,842)	(479,536)
Comprehensive income	2,454,078	1,673,921
Comprehensive income attributable to:		
Owners of parent	2,413,134	1,650,178
Non-controlling interests	40,943	23,742

**(3) Consolidated Statement of Changes in Equity**

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,884,928	2,542,054	15,297,353	(25,267)	24,699,068
Changes during period					
Dividends of surplus			(560,097)		(560,097)
Profit attributable to owners of parent			2,856,097		2,856,097
Purchase of treasury shares				(73)	(73)
Impact of new consolidation		(6,278)	15,521		9,242
Net changes in items other than shareholders' equity					
Total changes during period	-	(6,278)	2,311,520	(73)	2,305,168
Balance at end of period	6,884,928	2,535,775	17,608,874	(25,341)	27,004,236

(Thousands of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,059,398	519,290	(56,666)	1,522,022	63,261	26,284,352
Changes during period						
Dividends of surplus						(560,097)
Profit attributable to owners of parent						2,856,097
Purchase of treasury shares						(73)
Impact of new consolidation		234		234	39,527	49,004
Net changes in items other than shareholders' equity	(464,687)	(59,495)	81,220	(442,962)	40,943	(402,018)
Total changes during period	(464,687)	(59,261)	81,220	(442,728)	80,471	1,942,911
Balance at end of period	594,710	460,029	24,553	1,079,293	143,733	28,227,263

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,884,928	2,535,775	17,608,874	(25,341)	27,004,236
Changes during period					
Dividends of surplus			(542,029)		(542,029)
Profit attributable to owners of parent			2,120,498		2,120,498
Purchase of treasury shares				(326)	(326)
Impact of new consolidation					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,578,469	(326)	1,578,142
Balance at end of period	6,884,928	2,535,775	19,187,343	(25,668)	28,582,379

(Thousands of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	594,710	460,029	24,553	1,079,293	143,733	28,227,263
Changes during period						
Dividends of surplus						(542,029)
Profit attributable to owners of parent						2,120,498
Purchase of treasury shares						(326)
Impact of new consolidation						-
Net changes in items other than shareholders' equity	(125,526)	(337,507)	(7,285)	(470,319)	24,087	(446,231)
Total changes during period	(125,526)	(337,507)	(7,285)	(470,319)	24,087	1,131,910
Balance at end of period	469,184	122,522	17,267	608,974	167,820	29,359,174

**(4) Consolidated Statement of Cash Flows**

	(Thousands of yen)	
	FY3/19	FY3/20
	(Apr. 1, 2018 – Mar. 31, 2019)	(Apr. 1, 2019 – Mar. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	4,062,555	2,764,364
Depreciation	422,578	539,309
Amortization of goodwill	15,078	3,769
Increase (decrease) in allowance for doubtful accounts	(3,061)	90,168
Increase (decrease) in provision for bonuses	25,610	(81,790)
Increase (decrease) in retirement benefit liability	39,326	38,255
Interest and dividend income	(75,085)	(75,737)
Subsidy income	(18,094)	(212,784)
Loss on retirement of non-current assets	32,487	6,061
Loss (gain) on sales of investment securities	(140,945)	59,392
Loss (gain) on valuation of investment securities	-	57,160
Decrease (increase) in trade receivables	(1,838,102)	1,961,559
Decrease (increase) in inventories	109,696	870,909
Increase (decrease) in trade payables	(455,323)	(2,138,647)
Decrease (increase) in consumption taxes refund receivable	60,177	208,457
Increase (decrease) in advances received	(439,269)	253,748
Other, net	210,929	(21,772)
Subtotal	2,008,556	4,322,425
Interest and dividends received	75,976	76,787
Interest paid	(427)	(4,015)
Income taxes paid	(1,093,484)	(1,176,264)
Income taxes refund	7,754	9,311
Subsidies received	18,094	17,799
Net cash provided by (used in) operating activities	1,016,469	3,246,042
Cash flows from investing activities		
Payments into time deposits	(4,490,398)	(3,211,936)
Proceeds from withdrawal of time deposits	5,325,303	3,770,338
Purchase of property, plant and equipment	(3,578,986)	(2,562,844)
Proceeds from sales of property, plant and equipment	22,656	7,115
Purchase of intangible assets	(42,538)	(29,758)
Purchase of investment securities	(212,529)	(22,430)
Proceeds from sales of investment securities	183,393	164,966
Proceeds from redemption of securities	400,120	200,158
Purchase of insurance funds	(100,081)	(171,967)
Proceeds from maturity of insurance funds	-	55,478
Other, net	68,082	(60)
Net cash provided by (used in) investing activities	(2,424,978)	(1,800,940)
Cash flows from financing activities		
Purchase of treasury shares	(73)	(326)
Dividends paid	(559,974)	(542,113)
Other, net	-	(1,305)
Net cash provided by (used in) financing activities	(560,048)	(543,745)
Effect of exchange rate change on cash and cash equivalents	(34,641)	(167,158)
Net increase (decrease) in cash and cash equivalents	(2,003,198)	734,198
Cash and cash equivalents at beginning of period	9,686,048	7,731,896
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	49,046	-
Cash and cash equivalents at end of period	7,731,896	8,466,094

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Changes in Accounting Policies**

The subsidiaries adopting International Financial Reporting Standards have applied IFRS 16 *Leases* (“IFRS 16” or “the Standard”) since the beginning of the current fiscal year. IFRS 16 requires a lessee to recognize in principle all leases as asset and liability on the balance sheet. In adopting the Standard, such subsidiaries have adopted the method of recognizing the cumulative effect of initially applying the Standard at the date of initial application in accordance with the transitional treatment provided in the Standard.

As a result, the balances of “Property, plant and equipment,” “Other” of current liabilities and “Other” of non-current liabilities at the end of the current fiscal year increased by 365,388 thousand yen, 142,670 thousand yen and 222,718 thousand yen, respectively.

**Segment and Other Information****Segment Information**

## 1. Overview of reportable segment

## (1) Method of determining the reportable segments

Segments used for financial reporting are the Group’s constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The two reportable segments that the NITTOKU Group uses are based on the products and services provided by these business divisions. The two segments are the Winding System & Mechatronics Business and the Contactless IC Tag & Card Business.

## (2) Products and services by each reportable segment

The Winding System & Mechatronics Business segment involves the manufacture and sale of coil winding machines, winding systems and peripheral equipment and the provision of maintenance services. The Contactless IC Tag & Card Business segment involves the manufacture and sale of IC tags, cards and inlets.

## 2. Calculation methods for net sales, profits/losses, assets, liabilities, and other items for each reportable segment

The accounting methods for reportable segments are largely the same as those described in “Basis of Preparing the Consolidated Financial Statements.”

## 3. Information related to net sales, profit/losses, assets, liabilities, and other items for each reportable segment

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	30,861,504	974,419	31,835,923
Inter-segment sales and transfers	-	-	-
Total	30,861,504	974,419	31,835,923
Segment profit	4,723,784	119,499	4,843,284
Segment assets	25,010,286	948,985	25,959,272
Other items			
Depreciation	348,929	51,660	400,590
Change in property, plant and equipment and intangible assets	1,501,883	54,046	1,555,929

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	26,087,189	1,404,932	27,492,121
Inter-segment sales and transfers	-	-	-
Total	26,087,189	1,404,932	27,492,121
Segment profit	3,253,798	366,207	3,620,006
Segment assets	24,369,001	1,618,033	25,987,035
Other items			
Depreciation	398,486	68,951	467,438
Change in property, plant and equipment and intangible assets	1,953,605	609,429	2,563,035

## 4. Reconciliation of reported consolidated financial statements with total for reportable segments (Reconciliation items)

(Thousands of yen)

Profit	FY3/19	FY3/20
Total for reportable segments	4,843,284	3,620,006
Corporate expenses (Note)	(994,694)	(1,135,735)
Operating profit on the consolidated financial statements	3,848,589	2,484,270

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

(Thousands of yen)

Assets	FY3/19	FY3/20
Total for reportable segments	25,959,272	25,987,035
Corporate assets (Note)	12,769,043	11,607,444
Total assets on the consolidated financial statements	38,728,315	37,594,479

Note: Corporate assets mainly include cash and deposits and investment securities that cannot be attributed to reportable segments.

(Thousands of yen)

Other items	Total for reportable segments		Adjustment		Amounts shown on consolidated financial statements	
	FY3/19	FY3/20	FY3/19	FY3/20	FY3/19	FY3/20
Depreciation	400,590	467,438	21,988	71,870	422,578	539,309
Change in property, plant and equipment and intangible assets	1,555,929	2,563,035	2,162,106	252,454	3,718,036	2,815,489

Note: Adjustment to change in property, plant and equipment and intangible assets represents head office facilities.

**Related information**

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

## 1. Information by product or service

This information is omitted because the same information is presented in segment information.

## 2. Information by region

(1) Net sales (Thousands of yen)

Japan	Asia	America	Europe	Total
12,704,876	15,966,147	1,137,869	2,027,030	31,835,923

Note: Classification of net sales by regions is based on the location of the client and categorized by country or region.

## (2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheet.

## 3. Information by major customer

This information is omitted because no specific external customer accounts for more than 10% of net sales on the consolidated statement of income.

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

## 1. Information by product or service

This information is omitted because the same information is presented in segment information.

## 2. Information by region

(1) Net sales (Thousands of yen)

Japan	Asia	America	Europe	Total
10,751,652	13,909,704	1,017,813	1,812,950	27,492,121

Note: Classification of net sales by regions is based on the location of the client and categorized by country or region.

## (2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheet.

## 3. Information by major customer

This information is omitted because no specific external customer accounts for more than 10% of net sales on the consolidated statement of income.

**Information related to impairment of non-current assets for each reportable segment**

Not applicable.

**Information related to goodwill amortization and the unamortized balance for each reportable segment**

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019) (Thousands of yen)

	Reportable segment			Elimination or corporate	Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	Subtotal		
Goodwill amortization	15,078	-	15,078	-	15,078
Balance at the end of the period	3,769	-	3,769	-	3,769

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020) (Thousands of yen)

	Reportable segment			Elimination or corporate	Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	Subtotal		
Goodwill amortization	3,769	-	3,769	-	3,769
Balance at the end of the period	-	-	-	-	-

**Information related to negative goodwill profits for each reportable segment**

Not applicable.

**Per-share Information**

(Yen)

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Net assets per share	1,554.35	1,615.68
Net income per share	158.08	117.36

Notes: 1. Diluted net income per share is not presented since NITTOKU has no outstanding dilutive securities.

2. The following is a reconciliation of net income per share.

(Thousands of yen, unless otherwise stated)

Item	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Net income per share		
Profit attributable to owners of parent	2,856,097	2,120,498
Amount not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	2,856,097	2,120,498
Average number of common stock shares outstanding during the period (Shares)	18,067,659	18,067,618

**Material Subsequent Events**

Not applicable.

## 4. Non-consolidated Financial Statements and Notes

## (1) Balance Sheet

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	FY3/20 (As of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposits	6,225,505	5,365,494
Notes receivable-trade	415,776	270,681
Accounts receivable-trade	6,431,827	5,598,781
Electronically recorded monetary claims-operating	1,252,173	529,448
Securities	200,158	200,055
Work in process	4,885,019	3,639,050
Raw materials and supplies	905,857	773,377
Consumption taxes receivable	622,818	572,200
Current portion of long-term loans receivable from subsidiaries and associates	63,717	-
Other	294,249	502,322
Allowance for doubtful accounts	(106,520)	(113,980)
Total current assets	21,190,581	17,337,433
Non-current assets		
Property, plant and equipment		
Buildings	3,031,514	4,189,049
Structures	97,220	154,446
Machinery and equipment	261,345	493,914
Vehicles	19,461	10,986
Tools, furniture and fixtures	137,592	262,104
Land	1,728,976	2,552,247
Construction in progress	624,941	243,611
Total property, plant and equipment	5,901,051	7,906,361
Intangible assets		
Software	75,981	63,392
Other	47,932	90,242
Total intangible assets	123,914	153,635
Investments and other assets		
Investment securities	2,535,794	1,943,483
Shares of subsidiaries and associates	751,773	677,520
Investments in capital of subsidiaries and associates	755,585	787,497
Long-term loans receivable from subsidiaries and associates	74,816	54,415
Deferred tax assets	2,444	24,700
Insurance funds	721,651	839,329
Other	185,333	220,699
Allowance for doubtful accounts	(41,519)	-
Total investments and other assets	4,985,881	4,547,646
Total non-current assets	11,010,847	12,607,643
Total assets	32,201,428	29,945,076

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	FY3/20 (As of Mar. 31, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable-trade	600,444	393,075
Accounts payable-trade	1,444,289	874,401
Electronically recorded obligations-operating	4,420,531	2,889,566
Accounts payable-other	1,086,833	947,716
Income taxes payable	547,802	-
Advances received	594,808	766,005
Provision for bonuses	392,089	337,752
Other	315,106	262,267
<b>Total current liabilities</b>	<b>9,401,905</b>	<b>6,470,785</b>
<b>Non-current liabilities</b>		
Long-term accounts payable-other	194,261	194,261
Provision for retirement benefits	119,166	153,486
Other	32,703	38,914
<b>Total non-current liabilities</b>	<b>346,131</b>	<b>386,661</b>
<b>Total liabilities</b>	<b>9,748,036</b>	<b>6,857,447</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	6,884,928	6,884,928
<b>Capital surplus</b>		
Legal capital surplus	2,542,635	2,542,635
<b>Total capital surpluses</b>	<b>2,542,635</b>	<b>2,542,635</b>
<b>Retained earnings</b>		
Legal retained earnings	202,780	202,780
<b>Other retained earnings</b>		
General reserve	2,200,000	2,200,000
Retained earnings brought forward	10,034,560	10,813,768
<b>Total retained earnings</b>	<b>12,437,340</b>	<b>13,216,549</b>
Treasury shares	(25,341)	(25,668)
<b>Total shareholders' equity</b>	<b>21,839,563</b>	<b>22,618,444</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	613,829	469,184
<b>Total valuation and translation adjustments</b>	<b>613,829</b>	<b>469,184</b>
<b>Total net assets</b>	<b>22,453,392</b>	<b>23,087,629</b>
<b>Total liabilities and net assets</b>	<b>32,201,428</b>	<b>29,945,076</b>

**(2) Statement of Income**

	(Thousands of yen)	
	FY3/19	FY3/20
	(Apr. 1, 2018 – Mar. 31, 2019)	(Apr. 1, 2019 – Mar. 31, 2020)
Net sales	27,189,508	22,914,945
Cost of sales	20,560,132	17,708,007
Gross profit	6,629,376	5,206,937
Selling, general and administrative expenses	3,752,963	3,739,309
Operating profit	2,876,412	1,467,628
Non-operating income		
Interest and dividend income	97,410	41,065
Foreign exchange gains	14,259	-
Other	31,291	33,514
Total non-operating income	142,961	74,580
Non-operating expenses		
Loss on transfer of receivables	7,433	3,698
Foreign exchange losses	-	10,962
Loss on sales of non-current assets	24,976	-
Loss on retirement of non-current assets	32,487	5,503
Other	8,965	4,702
Total non-operating expenses	73,862	24,867
Ordinary profit	2,945,511	1,517,341
Extraordinary income		
Gain on sales of investment securities	140,945	-
Reversal of allowance for doubtful accounts	-	73,210
Subsidy income	-	212,784
Total extraordinary income	140,945	285,994
Extraordinary losses		
Loss on sales of investment securities	-	59,392
Loss on valuation of shares of subsidiaries and associates	-	74,253
Provision of allowance for doubtful accounts	113,060	-
Total extraordinary losses	113,060	133,646
Profit before income taxes	2,973,396	1,669,690
Income taxes-current	812,312	324,297
Income taxes-deferred	48,684	24,155
Total income taxes	860,997	348,452
Profit	2,112,399	1,321,237

**(3) Statement of Changes in Equity**

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	6,884,928	2,542,635	2,542,635	202,780	2,200,000	8,482,258	10,885,039
Changes during period							
Dividends of surplus						(560,097)	(560,097)
Profit						2,112,399	2,112,399
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	1,552,301	1,552,301
Balance at end of period	6,884,928	2,542,635	2,542,635	202,780	2,200,000	10,034,560	12,437,340

(Thousands of yen)

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(25,267)	20,287,335	1,059,398	1,059,398	21,346,733
Changes during period					
Dividends of surplus		(560,097)			(560,097)
Profit		2,112,399			2,112,399
Purchase of treasury shares	(73)	(73)			(73)
Net changes in items other than shareholders' equity			(445,569)	(445,569)	(445,569)
Total changes during period	(73)	1,552,227	(445,569)	(445,569)	1,106,658
Balance at end of period	(25,341)	21,839,563	613,829	613,829	22,453,392

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	6,884,928	2,542,635	2,542,635	202,780	2,200,000	10,034,560	12,437,340
Changes during period							
Dividends of surplus						(542,029)	(542,029)
Profit						1,321,237	1,321,237
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	779,208	779,208
Balance at end of period	6,884,928	2,542,635	2,542,635	202,780	2,200,000	10,813,768	13,216,549

(Thousands of yen)

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(25,341)	21,839,563	613,829	613,829	22,453,392
Changes during period					
Dividends of surplus		(542,029)			(542,029)
Profit		1,321,237			1,321,237
Purchase of treasury shares	(326)	(326)			(326)
Net changes in items other than shareholders' equity			(144,644)	(144,644)	(144,644)
Total changes during period	(326)	778,881	(144,644)	(144,644)	634,236
Balance at end of period	(25,668)	22,618,444	469,184	469,184	23,087,629

## 5. Others

### (1) Production, Orders and Sales

The NITTOKU Group (NITTOKU CO., LTD. and its affiliated companies) manufactures and sells a diverse array of products. Even similar products frequently differ in terms of their capacity, structure, style and other specifications. Since NITTOKU believes these characteristics make it inappropriate to use monetary or volume units to report the volume of production and orders in each segment, non-consolidated figures are presented.

Due to this change, with regard to production and orders received, the segment results of operations in “1. Overview of Results of Operations, (1) Overview of Results of Operations for the Current Fiscal Year” are non-consolidated figures. However, sales figures in this section are consolidated figures as in prior fiscal years for consistency with the segment results of operations in “1. Overview of Results of Operations, (1) Overview of Results of Operations for the Current Fiscal Year.”

### (2) Changes in Directors and Audit & Supervisory Board Members

#### 1) Change in Representative Director (Effective April 1, 2020)

New title	Name	Current title
Representative Senior Managing Director Head of Production Division	Hitoshi Kunou	Senior Managing Director Executive Officer and Head of Production Division
President and Representative Director of Nittoku Kosei Co., Ltd.		President and Representative Director of Nittoku Kosei Co., Ltd.

#### 2) Changes in Other Directors and Audit & Supervisory Board Members (To be effective June 26, 2020)

Not applicable.

*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.*