

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

[Japanese GAAP]

Company name: NITTOKU CO., LTD. Listing: Tokyo Stock Exchange (JASDAQ)
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Scheduled date of Annual General Meeting of Shareholders: June 25, 2021
 Scheduled date of filing of Annual Securities Report: June 29, 2021
 Scheduled date of payment of dividend: June 28, 2021
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

Note: The original disclosure in Japanese was released on May 14, 2021, at 15:30 (GMT +9).

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(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, 2021	22,046	(19.8)	1,356	(45.4)	1,348	(49.4)	1,247	(41.2)
Fiscal year ended Mar. 31, 2020	27,492	(13.6)	2,484	(35.4)	2,668	(32.0)	2,120	(25.8)

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2021: 2,895 (up 73.0%)
 Fiscal year ended Mar. 31, 2020: 1,673 (down 31.8%)

	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, 2021	69.05	-	4.1	3.4	6.2
Fiscal year ended Mar. 31, 2020	117.36	-	7.4	7.0	9.0

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2021: - Fiscal year ended Mar. 31, 2020: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	42,260	31,726	74.5	1,742.86
As of Mar. 31, 2020	37,594	29,359	77.6	1,615.68

Reference: Shareholders' equity (million yen) As of Mar. 31, 2021: 31,488 As of Mar. 31, 2020: 29,191

(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, 2021	2,687	(688)	(681)	10,110
Fiscal year ended Mar. 31, 2020	3,246	(1,800)	(543)	8,466

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2020	Yen -	Yen 15.00	Yen -	Yen 15.00	Yen 30.00	Million yen 542	% 25.6	% 1.9
Fiscal year ended Mar. 31, 2021	Yen -	Yen 15.00	Yen -	Yen 15.00	Yen 30.00	Million yen 542	% 43.4	% 1.8
Fiscal year ending Mar. 31, 2022 (forecast)	Yen -	Yen 15.00	Yen -	Yen 15.00	Yen 30.00		% 29.3	

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022 (Apr. 1, 2021 – Mar. 31, 2022)

(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	11,200	11.0	450	(18.5)	450	(26.9)	300	(55.7)	16.61
Full year	26,800	21.6	2,600	91.7	2,600	92.7	1,850	48.3	102.40

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: 1 (IMD CO., LTD.) Excluded: 1: NITTOKU PRECISION (M) SDN.BHD.

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

1) Changes in accounting policies due to revisions in accounting standards, others: None

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, 2021: 18,098,923 shares As of Mar. 31, 2020: 18,098,923 shares

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

As of Mar. 31, 2021: 31,730 shares As of Mar. 31, 2020: 31,367 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2021: 18,067,451 shares Fiscal year ended Mar. 31, 2020: 18,067,618 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(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, 2021	17,426	(24.0)	426	(70.9)	525	(65.4)	644	(51.2)
Fiscal year ended Mar. 31, 2020	22,914	(15.7)	1,467	(49.0)	1,517	(48.5)	1,321	(37.5)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2021	35.69	-
Fiscal year ended Mar. 31, 2020	73.13	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	32,089	23,841	74.3	1,319.61
As of Mar. 31, 2020	29,945	23,087	77.1	1,277.85

Reference: Shareholders' equity (million yen) As of Mar. 31, 2021: 23,841 As of Mar. 31, 2020: 23,087

2. Non-consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022 (Apr. 1, 2021 – Mar. 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	9,100	10.2	350	130.1	250	(16.0)	13.84
Full year	22,300	28.0	2,050	290.3	1,450	124.9	80.26

* 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

Forecasts of future performance in these materials are based on assumptions judged to be valid and information currently available to the Company's management at the time the materials were prepared. As such, they do not constitute an assurance that the Company promises to achieve the 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. Overview of Results of Operations, (4) Outlook."

NITTOKU plans to hold a results presentation for institutional investors and analysts on June 2, 2021. Materials to be distributed at this event will be available on the Company's website immediately thereafter.

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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, 2021, the business environment for the NITTOKU Group remained affected by COVID-19 and the trade friction between the U.S. and China in that production activities slowed across industries worldwide except some countries and the corporate sector continued to take a cautious stance on capital investment.

In this globally harsh business environment, orders and sales plunged year on year especially from the development and production of the high-precision total automated production lines tailored to customer specifications, a core business for the Group. This is because customers minimized or postponed their capital investments except in cases where they are urgently in need of these production lines as production is due to start shortly.

In addition, amid the COVID-19 pandemic, we had no other choice but to remotely perform necessary procedures such as customers' final inspection of completed systems in our factories and installation/setup of systems in customers' plants overseas. This caused the cost to sales ratio to deteriorate as the percentage of projects, especially new projects, more costly than expected rose. Despite these circumstances, we have not downsized our workforce to cut costs as the training of engineers and retention of experienced personnel are essential to the Group's core business of producing a variety of customized cell production lines and responding flexibly and agilely to increasing orders following economic recovery.

Under these circumstances, results by business segment were as follows.

Winding System & Mechatronics Business

We made efforts to inspect our products remotely in order to prevent a delay in pre-shipment delivery inspection due to ongoing restrictions on travel and movement since the beginning of 2020. Further, to limit the mobility of people to the extent possible based on the idea of "local production for local consumption," we have continued to take measures to thrive with COVID-19. More specifically, we have expanded the production capacity of its overseas subsidiaries, utilized remote technology, and transferred some orders and production to its subsidiaries in Europe and China.

As a result of the above, the Winding System & Mechatronics Business segment, which accounts for 91% of the Group's total net sales, reported net sales of 20,071 million yen (down 23.1% year on year) and segment profit (operating profit) of 1,679 million yen (down 48.4% year on year) on a consolidated basis. On a non-consolidated basis, the segment reported orders received of 16,243 million yen (down 9.0% year on year), net sales of 15,451 million yen (down 28.2% year on year), and the order backlog at the end of the current fiscal year of 10,986 million yen (up 7.8% year on year).

Contactless IC Tag & Card Business

Production remained robust, helped by a large-sized order for contactless IC cards received in the previous fiscal year. As a result, net sales of the Contactless IC Tag & Card Business were 1,974 million yen (up 40.6% year on year) and segment profit (operating profit) was 480 million yen (up 31.2% year on year) on a consolidated basis. On a non-consolidated basis, orders received decreased to 1,122 million yen (down 51.1% year on year), while net sales soared to 1,974 million yen (up 40.6% year on year) and the order backlog at the end of the current fiscal year was 268 million yen (down 76.1% year on year).

As a result of the above, the Group recorded net sales of 22,046 million yen (down 19.8% year on year), operating profit of 1,356 million yen (down 45.4% year on year), ordinary profit of 1,348 million yen (down 49.4% year on year), and profit attributable to owners of parent of 1,247 million yen (down 41.2% year on year) on a consolidated basis.

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

1) Assets

Current assets increased 3,041 million yen from the end of the previous fiscal year to 27,667 million yen. This was mainly attributable to increases of 1,634 million yen in cash and deposits and 1,327 million yen in work in process.

Non-current assets increased 1,623 million yen from the end of the previous fiscal year to 14,592 million yen. This was mainly attributable to increases of 1,058 million yen in investment securities and 359 million yen in retirement benefit asset.

As a result, total assets increased 4,665 million yen from the end of the previous fiscal year to 42,260 million yen.

2) Liabilities

Current liabilities increased 1,925 million yen from the end of the previous fiscal year to 9,524 million yen. This was mainly attributable to increases of 575 million yen in notes and accounts payable-trade and 1,340 million yen in advances received.

Non-current liabilities increased 372 million yen from the end of the previous fiscal year to 1,008 million yen. This was mainly attributable to an increase of 371 million yen in deferred tax liabilities.

As a result, total liabilities increased 2,298 million yen from the end of the previous fiscal year to 10,533 million yen.

3) Net assets

Total net assets increased 2,367 million yen from the end of the previous fiscal year to 31,726 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 1,644 million yen from the end of the previous fiscal year to 10,110 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 2,687 million yen (compared with 3,246 million yen provided for the previous fiscal year). Main factors include profit before income taxes of 1,694 million yen, an increase of 1,237 million yen in advances received and subsidies received of 540 million yen, which were partially offset by an increase of 1,331 million yen in inventories.

Cash flows from investing activities

Net cash used in investing activities was 688 million yen (compared with 1,800 million yen used for the previous fiscal year). Main factors include payments into time deposits of 2,088 million yen and purchase of property, plant and equipment of 677 million yen, which were partially offset by proceeds from withdrawal of time deposits of 2,178 million yen.

Cash flows from financing activities

Net cash used in financing activities was 681 million yen (compared with 543 million yen used for the previous fiscal year), which was caused by dividends paid of 542 million yen.

(4) Outlook

At present, when COVID-19 will be contained is unclear, although some countries including China has curbed the spread of COVID-19 to some extent. Also, with a view to vaccine rollouts, many countries, mostly developed nations, have implemented the measures against the spread of COVID-19 that are less impactful on economic activities. The focal point of corporate activities also appears to be shifting away from how to combat the COVID-19 pandemic to how to thrive with COVID-19.

Amid these trends, many companies have again begun to concentrate their resources on capturing business opportunities arising from the megatrends toward going digital and green, including SDGs, carbon neutrality, and 5G. In fact, we see some needs for investments in large-scale or advanced plants and equipment primarily from major global manufacturers.

Given that the Group has a special strength in analog technologies which are essential to fulfilling these needs, we will strengthen the building of systems that use our total system of high-precision automated production lines, which we believe will help us quickly address new needs emerging from what we named “Blue Lake” strategy, an approach leveraging open innovation and connections, while addressing these needs with conventional technologies and know-how, to ultimately deepen our business in existing business domains and explore peripheral domains.

Further, we will raise production efficiency by remotely negotiating deals, discussing specifications, performing final inspection, and supporting installations, as well as improve productivity and competitiveness by cutting manufacturing costs.

The impact of COVID-19 on each of our business segments is as follows:

(1) Winding System & Mechatronics Business

Except for a few countries, the economic outlook has remained uncertain. Nevertheless, capital investments are gaining traction in fields such as automotive electrification, computerization, 5G and IoT, although companies were generally cautious about new capital investments in plant and equipment dedicated solely to development purposes, which are relatively costly. Currently, we market and receive orders for our products remotely or through other viable measures, as we are unable to market products or discuss specifications face-to-face in many regions except China.

On the manufacturing side, we have manufactured our systems based on a group cell production system, a core business for the Group. The system has set us almost free from the need to own manufacturing facilities, eliminating issues associated with production such as imbalanced allocation of resources, and thus, allowing us to flexibly schedule manufacturing processes. On the sales side, in the past, our employees in Japan had to travel abroad to install and set up completed systems. Recently, however, we have had our local staff in overseas production/service bases to undertake these responsibilities to the extent possible, based on which we intend to build a With CORONA structure as a new standard.

On the export side, transportation costs have surged recently on the back of logistics confusion and a shortage of containers mostly in maritime traffic. Although the Group estimates and reflects transportation costs in quotations, there are cases where the amount reflected falls short of the amount of actual costs as the shipping schedule varies depending on the completion dates of systems. In such cases, we negotiate raising the price with customers, however, since the transportation cost fluctuations are not predictable, we are implementing measures to accommodate unexpected changes in shipping conditions, such as allowing for some flexibility in terms and conditions on orders placed with us, until the global transportation returns to be stable.

(2) Contactless IC Tag & Card Business

The demand for IC cards, which were solid on the back of self-restraint on going out, declined towards the end of the fiscal year ended March 31, 2021. Nevertheless, although domestic consumption has somewhat fluctuated, the demand itself is sustained. We therefore believe that the impact of COVID-19 will be limited only to a delay in their penetration.

(3) Other

We will continue to place priority on ensuring safety and security of our business partners, employees and other related parties by implementing measures against infection with COVID-19 at our head office, sales offices and other facilities. Specifically, we have been striving to improve the quality of remote discussions, remote inspection of completed systems in our factories by customers, and remote support for set-ups by local staff in regions where our products are installed.

In the next fiscal year ending on March 31, 2022, we expect to record net sales of 26,800 million yen (up 21.6% year on year), operating profit of 2,600 million yen (up 91.7% year on year), ordinary profit of 2,600 million yen (up 92.7% year on year) and profit attributable to owners of parent of 1,850 million yen (up 48.3% year on year).

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)	
	Prior fiscal year (As of Mar. 31, 2020)	Current fiscal year (As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	10,264,802	11,898,946
Notes and accounts receivable-trade	6,534,039	6,458,612
Electronically recorded monetary claims-operating	533,105	1,209,473
Securities	200,055	-
Work in process	4,808,056	6,135,827
Raw materials and supplies	1,197,689	1,230,593
Other	1,215,495	797,342
Allowance for doubtful accounts	(127,656)	(63,285)
Total current assets	24,625,586	27,667,511
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,828,497	5,015,361
Machinery, equipment and vehicles, net	781,280	888,521
Land	2,812,027	2,812,027
Other, net	974,848	808,269
Total property, plant and equipment	9,396,653	9,524,179
Intangible assets		
Other	193,670	167,430
Total intangible assets	193,670	167,430
Investments and other assets		
Investment securities	2,204,366	3,263,241
Retirement benefit asset	-	359,077
Insurance funds	839,653	1,065,884
Deferred tax assets	26,216	35,039
Other	308,333	178,015
Total investments and other assets	3,378,569	4,901,258
Total non-current assets	12,968,892	14,592,867
Total assets	37,594,479	42,260,379

	(Thousands of yen)	
	Prior fiscal year (As of Mar. 31, 2020)	Current fiscal year (As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,464,017	2,039,134
Electronically recorded obligations-operating	2,889,566	2,693,716
Income taxes payable	91,071	247,722
Advances received	1,535,796	2,876,228
Provision for bonuses	451,039	383,274
Other	1,167,897	1,284,904
Total current liabilities	7,599,390	9,524,980
Non-current liabilities		
Deferred tax liabilities	31,283	403,228
Retirement benefit liability	134,382	-
Other	470,248	605,590
Total non-current liabilities	635,914	1,008,819
Total liabilities	8,235,305	10,533,799
Net assets		
Shareholders' equity		
Share capital	6,884,928	6,884,928
Capital surplus	2,535,775	2,535,775
Retained earnings	19,187,343	19,892,876
Treasury shares	(25,668)	(27,024)
Total shareholders' equity	28,582,379	29,286,556
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	469,184	1,167,744
Foreign currency translation adjustment	122,522	661,606
Remeasurements of defined benefit plans	17,267	372,623
Total accumulated other comprehensive income	608,974	2,201,974
Non-controlling interests	167,820	238,048
Total net assets	29,359,174	31,726,579
Total liabilities and net assets	37,594,479	42,260,379

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

(Thousands of yen)

	Prior fiscal year (Apr. 1, 2019 – Mar. 31, 2020)	Current fiscal year (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	27,492,121	22,046,164
Cost of sales	20,498,225	16,743,292
Gross profit	6,993,896	5,302,871
Selling, general and administrative expenses	4,509,626	3,946,508
Operating profit	2,484,270	1,356,362
Non-operating income		
Dividend income	48,554	40,835
Gain on insurance cancellation	-	68,010
Other	154,202	89,966
Total non-operating income	202,756	198,813
Non-operating expenses		
Foreign exchange losses	-	104,171
Loss on retirement of non-current assets	6,061	31,567
Loss on reorganization of subsidiaries/associates	-	31,652
Other	12,831	38,803
Total non-operating expenses	18,893	206,194
Ordinary profit	2,668,133	1,348,981
Extraordinary income		
Subsidy income	212,784	345,729
Total extraordinary income	212,784	345,729
Extraordinary losses		
Loss on sale of investment securities	59,392	-
Loss on valuation of investment securities	57,160	-
Total extraordinary losses	116,553	-
Profit before income taxes	2,764,364	1,694,710
Income taxes-current	581,797	452,890
Income taxes-deferred	29,109	(45,645)
Total income taxes	610,906	407,244
Profit	2,153,457	1,287,466
Profit attributable to non-controlling interests	32,958	39,908
Profit attributable to owners of parent	2,120,498	1,247,558

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Prior fiscal year (Apr. 1, 2019 – Mar. 31, 2020)	Current fiscal year (Apr. 1, 2020 – Mar. 31, 2021)
Profit	2,153,457	1,287,466
Other comprehensive income		
Valuation difference on available-for-sale securities	(125,526)	698,560
Foreign currency translation adjustment	(346,723)	554,103
Remeasurements of defined benefit plans, net of tax	(7,285)	355,355
Total other comprehensive income	(479,536)	1,608,019
Comprehensive income	1,673,921	2,895,486
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,650,178	2,840,558
Comprehensive income attributable to non-controlling interests	23,742	54,927

(3) Consolidated Statement of Changes in Equity

Prior fiscal year (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)
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)
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

Current fiscal year (Apr. 1, 2020 – Mar. 31, 2021)

(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	19,187,343	(25,668)	28,582,379
Changes during period					
Dividends of surplus			(542,025)		(542,025)
Profit attributable to owners of parent			1,247,558		1,247,558
Purchase of treasury shares				(1,355)	(1,355)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	705,532	(1,355)	704,177
Balance at end of period	6,884,928	2,535,775	19,892,876	(27,024)	29,286,556

(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	469,184	122,522	17,267	608,974	167,820	29,359,174
Changes during period						
Dividends of surplus						(542,025)
Profit attributable to owners of parent						1,247,558
Purchase of treasury shares						(1,355)
Net changes in items other than shareholders' equity	698,560	539,084	355,355	1,593,000	70,227	1,663,228
Total changes during period	698,560	539,084	355,355	1,593,000	70,227	2,367,405
Balance at end of period	1,167,744	661,606	372,623	2,201,974	238,048	31,726,579

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Prior fiscal year (Apr. 1, 2019 – Mar. 31, 2020)	Current fiscal year (Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	2,764,364	1,694,710
Depreciation	539,309	706,457
Amortization of goodwill	3,769	-
Increase (decrease) in allowance for doubtful accounts	90,168	(64,259)
Increase (decrease) in provision for bonuses	(81,790)	(72,752)
Increase (decrease) in retirement benefit liability	38,255	29,286
Interest and dividend income	(75,737)	(58,624)
Loss (gain) on cancellation of insurance policies	-	(68,010)
Subsidy income	(212,784)	(345,729)
Loss on liquidation of subsidiaries and associates	-	31,652
Loss on retirement of non-current assets	6,061	31,567
Loss (gain) on sale of investment securities	59,392	-
Loss (gain) on valuation of investment securities	57,160	-
Decrease (increase) in trade receivables	1,961,559	(449,274)
Decrease (increase) in inventories	870,909	(1,331,625)
Increase (decrease) in trade payables	(2,138,647)	292,502
Decrease (increase) in consumption taxes refund receivable	208,457	251,863
Increase (decrease) in advances received	253,748	1,237,791
Other, net	(21,772)	503,738
Subtotal	4,322,425	2,389,294
Interest and dividends received	76,787	59,008
Interest paid	(4,015)	(6,740)
Income taxes paid	(1,176,264)	(334,000)
Income taxes refund	9,311	39,412
Subsidies received	17,799	540,714
Net cash provided by (used in) operating activities	3,246,042	2,687,688
Cash flows from investing activities		
Payments into time deposits	(3,211,936)	(2,088,311)
Proceeds from withdrawal of time deposits	3,770,338	2,178,906
Purchase of property, plant and equipment	(2,562,844)	(677,634)
Proceeds from sale of property, plant and equipment	7,115	14,529
Purchase of intangible assets	(29,758)	(74,731)
Purchase of investment securities	(22,430)	(209,494)
Proceeds from sale of investment securities	164,966	122,064
Proceeds from redemption of securities	200,158	200,000
Purchase of insurance funds	(171,967)	(361,339)
Proceeds from maturity of insurance funds	55,478	207,271
Other, net	(60)	-
Net cash provided by (used in) investing activities	(1,800,940)	(688,739)
Cash flows from financing activities		
Purchase of treasury shares	(326)	(1,355)
Dividends paid	(542,113)	(542,188)
Proceeds from share issuance to non-controlling shareholders	-	15,300
Other, net	(1,305)	(153,315)
Net cash provided by (used in) financing activities	(543,745)	(681,559)
Effect of exchange rate change on cash and cash equivalents	(167,158)	327,004
Net increase (decrease) in cash and cash equivalents	734,198	1,644,393
Cash and cash equivalents at beginning of period	7,731,896	8,466,094
Cash and cash equivalents at end of period	8,466,094	10,110,488

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

Not applicable.

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

Prior fiscal year (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

Current fiscal year (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	20,071,443	1,974,720	22,046,164
Inter-segment sales and transfers	-	-	-
Total	20,071,443	1,974,720	22,046,164
Segment profit	1,679,944	480,485	2,160,430
Segment assets	28,121,784	1,636,467	29,758,252
Other items			
Depreciation	482,100	128,901	611,002
Change in property, plant and equipment and intangible assets	617,938	55,457	673,395

4. Reconciliation of amounts shown on the consolidated financial statements with total for reportable segments

(Thousands of yen)

Profit	Prior fiscal year	Current fiscal year
Total for reportable segments	3,620,006	2,160,430
Corporate expenses (Note)	(1,135,735)	(804,067)
Operating profit on the consolidated financial statements	2,484,270	1,356,362

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

(Thousands of yen)

Assets	Prior fiscal year	Current fiscal year
Total for reportable segments	25,987,035	29,758,252
Corporate assets (Note)	11,607,444	12,502,126
Total assets on the consolidated financial statements	37,594,479	42,260,379

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

(Thousands of yen)

Other items	Total for reportable segments		Adjustment		Amounts shown on consolidated financial statements	
	Prior fiscal year	Current fiscal year	Prior fiscal year	Current fiscal year	Prior fiscal year	Current fiscal year
Depreciation	467,438	611,002	71,870	95,454	539,309	706,457
Change in property, plant and equipment and intangible assets	2,563,035	673,395	252,454	244,600	2,815,489	917,996

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

Related information

Prior fiscal year (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

Notes: 1. Classification of net sales by regions is based on the location of the client and categorized by country or region.

2. Net sales of export products on a non-consolidated basis were 12,632 million yen

(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.

Current fiscal year (Apr. 1, 2020 – Mar. 31, 2021)

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
10,382,054	8,574,686	908,823	2,180,599	22,046,164

Notes: 1. Classification of net sales by regions is based on the location of the client and categorized by country or region.

2. Net sales of export products on a non-consolidated basis were 7,156 million yen

(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

Prior fiscal year (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	-	-	-	-	-

Current fiscal year (Apr. 1, 2020 – Mar. 31, 2021)

Not applicable.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per-share Information

(Yen)

	Prior fiscal year (Apr. 1, 2019 – Mar. 31, 2020)	Current fiscal year (Apr. 1, 2020 – Mar. 31, 2021)
Net assets per share	1,615.68	1,742.86
Net income per share	117.36	69.05

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	Prior fiscal year (Apr. 1, 2019 – Mar. 31, 2020)	Current fiscal year (Apr. 1, 2020 – Mar. 31, 2021)
Net income per share		
Profit attributable to owners of parent	2,120,498	1,247,558
Amount not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	2,120,498	1,247,558
Average number of common stock shares outstanding during the period (Shares)	18,067,618	18,067,451

Material Subsequent Events

Not applicable.

4. Non-consolidated Financial Statements and Notes

(1) Balance Sheet

	(Thousands of yen)	
	Prior fiscal year (As of Mar. 31, 2020)	Current fiscal year (As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	5,365,494	5,411,327
Notes receivable-trade	270,681	222,516
Accounts receivable-trade	5,598,781	5,048,620
Electronically recorded monetary claims-operating	529,448	1,199,031
Securities	200,055	-
Work in process	3,639,050	4,629,400
Raw materials and supplies	773,377	685,434
Consumption taxes receivable	572,200	316,121
Current portion of long-term loans receivable from subsidiaries and associates	-	55,355
Other	502,322	300,118
Allowance for doubtful accounts	(113,980)	(60,680)
Total current assets	17,337,433	17,807,246
Non-current assets		
Property, plant and equipment		
Buildings	4,189,049	4,203,383
Structures	154,446	158,096
Machinery and equipment	493,914	553,471
Vehicles	10,986	6,444
Tools, furniture and fixtures	262,104	226,083
Land	2,552,247	2,550,790
Construction in progress	243,611	134,486
Total property, plant and equipment	7,906,361	7,832,755
Intangible assets		
Software	63,392	89,747
Other	90,242	35,466
Total intangible assets	153,635	125,214
Investments and other assets		
Investment securities	1,943,483	2,937,299
Shares of subsidiaries and associates	677,520	650,601
Investments in capital of subsidiaries and associates	787,497	1,568,267
Long-term loans receivable from subsidiaries and associates	54,415	-
Deferred tax assets	24,700	-
Insurance funds	839,329	1,065,512
Other	220,699	102,452
Total investments and other assets	4,547,646	6,324,133
Total non-current assets	12,607,643	14,282,104
Total assets	29,945,076	32,089,350

	(Thousands of yen)	
	Prior fiscal year (As of Mar. 31, 2020)	Current fiscal year (As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Notes payable-trade	393,075	245,995
Accounts payable-trade	874,401	1,396,716
Electronically recorded obligations-operating	2,889,566	2,693,716
Accounts payable-other	947,716	828,932
Income taxes payable	-	148,076
Advances received	766,005	1,659,665
Provision for bonuses	337,752	270,805
Other	262,267	431,155
Total current liabilities	6,470,785	7,675,064
Non-current liabilities		
Long-term accounts payable-other	194,261	194,261
Provision for retirement benefits	153,486	182,489
Deferred tax liabilities	-	134,793
Other	38,914	61,146
Total non-current liabilities	386,661	572,690
Total liabilities	6,857,447	8,247,754
Net assets		
Shareholders' equity		
Share capital	6,884,928	6,884,928
Capital surplus		
Legal capital surplus	2,542,635	2,542,635
Total capital surpluses	2,542,635	2,542,635
Retained earnings		
Legal retained earnings	202,780	202,780
Other retained earnings		
General reserve	2,200,000	2,200,000
Retained earnings brought forward	10,813,768	10,916,527
Total retained earnings	13,216,549	13,319,308
Treasury shares	(25,668)	(27,024)
Total shareholders' equity	22,618,444	22,719,848
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	469,184	1,121,747
Total valuation and translation adjustments	469,184	1,121,747
Total net assets	23,087,629	23,841,595
Total liabilities and net assets	29,945,076	32,089,350

(2) Statement of Income

(Thousands of yen)

	Prior fiscal year (Apr. 1, 2019 – Mar. 31, 2020)	Current fiscal year (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	22,914,945	17,426,548
Cost of sales	17,708,007	14,027,993
Gross profit	5,206,937	3,398,554
Selling, general and administrative expenses	3,739,309	2,972,004
Operating profit	1,467,628	426,550
Non-operating income		
Interest and dividend income	41,065	37,640
Gain on insurance cancellation	-	68,010
Other	33,514	63,521
Total non-operating income	74,580	169,173
Non-operating expenses		
Foreign exchange losses	10,962	-
Depreciation	4,011	15,709
Loss on retirement of non-current assets	5,503	28,530
Loss on liquidation of subsidiaries	-	13,490
Other	4,389	12,730
Total non-operating expenses	24,867	70,461
Ordinary profit	1,517,341	525,261
Extraordinary income		
Subsidy income	212,784	288,978
Reversal of allowance for doubtful accounts	73,210	-
Total extraordinary income	285,994	288,978
Extraordinary losses		
Loss on sales of investment securities	59,392	-
Loss on valuation of shares of subsidiaries and associates	74,253	-
Total extraordinary losses	133,646	-
Profit before income taxes	1,669,690	814,240
Income taxes-current	324,297	263,457
Income taxes-deferred	24,155	(94,000)
Total income taxes	348,452	169,456
Profit	1,321,237	644,784

(3) Statement of Changes in Equity

Prior fiscal year (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

Current fiscal year (Apr. 1, 2020 – Mar. 31, 2021)

(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	10,813,768	13,216,549
Changes during period							
Dividends of surplus						(542,025)	(542,025)
Profit						644,784	644,784
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	102,758	102,758
Balance at end of period	6,884,928	2,542,635	2,542,635	202,780	2,200,000	10,916,527	13,319,308

(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	(25,668)	22,618,444	469,184	469,184	23,087,629
Changes during period					
Dividends of surplus		(542,025)			(542,025)
Profit		644,784			644,784
Purchase of treasury shares	(1,355)	(1,355)			(1,355)
Net changes in items other than shareholders' equity			652,563	652,563	652,563
Total changes during period	(1,355)	101,403	652,563	652,563	753,966
Balance at end of period	(27,024)	22,719,848	1,121,747	1,121,747	23,841,595

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.

Accordingly, 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.”

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.