

**Summary of Consolidated Financial Results for the Second Quarter  
of the Fiscal Year Ending March 31, 2022  
(Six Months Ended September 30, 2021)**

**[Japanese GAAP]**

Company name: NITTOKU CO., LTD. Listing: Tokyo Stock Exchange (JASDAQ)  
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 Scheduled date of filing of Quarterly Report: November 12, 2021  
 Scheduled date of payment of dividend: December 1, 2021  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

Note: The original disclosure in Japanese was released on November 11, 2021, at 15:00 (GMT +9).

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

**1. Consolidated Financial Results for the Second Quarter Ended September 30, 2021 (Apr. 1, 2021 – Sep. 30, 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	%
Six months ended Sep. 30, 2021	10,270	1.8	629	14.0	760	23.7	545	(19.6)
Six months ended Sep. 30, 2020	10,091	(31.9)	552	(69.0)	615	(67.6)	677	(50.6)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2021: 654 (down 41.9%)  
 Six months ended Sep. 30, 2020: 1,126 (up 0.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2021	30.17	-
Six months ended Sep. 30, 2020	37.51	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2021	46,978	31,504	66.6
As of Mar. 31, 2021	42,260	31,726	74.5

Reference: Shareholders' equity (million yen) As of Sep. 30, 2021: 31,280 As of Mar. 31, 2021: 31,488

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	-	15.00	-	15.00	30.00
Fiscal year ending Mar. 31, 2022	-	15.00	-	-	-
Fiscal year ending Mar. 31, 2022 (forecast)	-	-	-	25.00	40.00

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

The 2Q-end dividend per share is planned to be resolved at the Board of Directors' meeting on November 12, 2021.

Breakdown of dividends for the fiscal year ending Mar. 31, 2022 (forecast): Commemorative dividends: 10.00 yen;  
 Ordinary dividends: 15.00 yen

**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
Full year	26,800	21.6	2,600	91.7	2,600	92.7	1,850	48.3	102.40

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 Sep. 30, 2021:	18,098,923 shares	As of Mar. 31, 2021:	18,098,923 shares
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  - 2) Number of treasury shares at the end of the period

As of Sep. 30, 2021:	31,887 shares	As of Mar. 31, 2021:	31,730 shares
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  - 3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2021:	18,067,161 shares	Six months ended Sep. 30, 2020:	18,067,524 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 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 4 of the attachments "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements."

The Company plans to hold a results presentation for institutional investors and analysts on November 29, 2021. Materials to be distributed at this event will be available on the Company's website immediately thereafter.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

During the first half of the fiscal year ending March 31, 2022 (from April 1 through September 30, 2021), global economic conditions were different for every country/region. In fact, COVID-19 has been contained in some countries but is still rampant in other countries. Many countries, however, have come to focus on the recovery of business and other public activities.

Under these circumstances, while the shortage of semiconductors and raw materials and the rising prices of resources have affected production, some industries have begun to proactively make capital investments.

Demand from the Group's major markets, such as those for labor-saving, automated equipment and equipment for new products, has continued to grow backed by resumed business activities and new entries into these markets. During the second quarter of the current fiscal year, orders received declined compared to the first quarter but inquiries remained strong. As a result, on a non-consolidated basis, orders received during the first half of the current fiscal year increased 33% year on year.

In the Group's overseas business activities, local subsidiaries are responsible for acceptance of orders, production, delivery, and installation. Since the restart of business activities by customers, the number of inquiries, orders received, and sales have been on the rise. In response to these moves, we have continued a range of activities online in Japan, which include remote communication with and provision of technical guidance to customers.

Overall, consolidated earnings for the first half of the current fiscal year improved year on year with profits at all levels having exceeded their previous forecasts, since relatively profitable projects, mainly domestic ones, were concentrated in the first half. Nonetheless, net sales increased only slightly, as the recognition of sales of some overseas projects and projects that require a considerable amount of development work was delayed to the second half due to a change in the Accounting Standard for Revenue Recognition.

As a result of the above, for the first half of the current fiscal year, the Group reported net sales of 10,270 million yen (up 1.8% year on year), operating profit of 629 million yen (up 14.0% year on year), ordinary profit of 760 million yen (up 23.7% year on year), and profit attributable to owners of parent of 545 million yen (down 19.6% year on year) on a consolidated basis. Due to the application of the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and other standards, net sales decreased by 1,886 million yen, and operating profit, ordinary profit and profit before income taxes decreased 412 million yen each.

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

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

Through business locations deployed worldwide, the Group has transmitted new technologies originated in Japan to each region and has provided one-stop solutions and global support services tailored to local market needs. Among such business locations, NITTOKU EUROPE GmbH, which has rapidly grown within such a short period of time since its foundation in 2015, performed strongly in terms of both sales and orders received.

As a result of the above, the Winding System & Mechatronics Business segment, which accounts for 93% of the Group's total net sales, reported net sales of 9,573 million yen (up 6.0% year on year) and segment profit (operating profit) of 798 million yen (up 12.4% year on year) on a consolidated basis. Due to the application of the Accounting Standard for Revenue Recognition and other standards, net sales decreased by 1,886 million yen and operating profit decreased by 412 million yen.

On a non-consolidated basis, the segment reported orders received of 10,018 million yen (up 30.7% year on year), net sales of 6,776 million yen (down 5.8% year on year), and the order backlog at the end of the second quarter of 19,841 million yen (up 86.0% year on year).

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

During the first half of the current fiscal year, sales of contactless IC cards, which performed strongly in the previous fiscal year, came to a lull and thus declined, whereas orders for FA tags increased with many inquiries

received from customers.

Consequently, net sales of the Contactless IC Tag & Card Business were 697 million yen (down 34.1% year on year) and segment profit (operating profit) was 225 million yen (down 13.3% year on year) on a consolidated basis. On a non-consolidated basis, orders received increased to 807 million yen (up 64.3% year on year), while net sales decreased to 697 million yen (down 34.1% year on year) and the order backlog at the end of the second quarter was 378 million yen (down 31.7% year on year).

## **(2) Explanation of Financial Position**

### 1) Assets

Current assets increased 4,749 million yen from the end of the previous fiscal year to 32,416 million yen. This was mainly attributable to increases of 1,781 million yen in cash and deposits and 6,293 million yen in work in process, which were partially offset by a decrease of 3,086 million yen in notes and accounts receivable-trade.

Non-current assets decreased 30 million yen from the end of the previous fiscal year to 14,561 million yen. This was mainly attributable to decreases of 118 million yen in buildings and structures, net and 44 million yen in other, net of property, plant and equipment, while there was an increase of 111 million yen in other under investments and other assets.

As a result, total assets increased 4,718 million yen from the end of the previous fiscal year to 46,978 million yen.

### 2) Liabilities

Current liabilities increased 5,213 million yen from the end of the previous fiscal year to 14,738 million yen. This was mainly attributable to an increase of 5,777 million yen in advances received.

Non-current liabilities decreased 273 million yen from the end of the previous fiscal year to 735 million yen. This was mainly attributable to a decrease of 117 million yen in deferred tax liabilities.

As a result, total liabilities increased 4,940 million yen from the end of the previous fiscal year to 15,474 million yen.

### 3) Net assets

Total net assets decreased 221 million yen from the end of the previous fiscal year to 31,504 million yen.

The above-mentioned changes in notes and accounts receivable-trade, work in process, and advances received partially reflect the impact of the application of the Accounting Standard for Revenue Recognition and other standards.

In addition, the application of the above standard resulted in a decrease in the beginning balance of retained earnings by 604 million yen.

### Cash flows

Cash and cash equivalents (hereinafter "net cash") at the end of the first half of the current fiscal year increased 1,894 million yen from the end of the previous fiscal year to 12,004 million yen. The cash flow components during the first half and the main reasons for changes are as described below.

#### Cash flows from operating activities

Net cash provided by operating activities was 2,162 million yen (compared with 1,183 million yen provided for the same period of the previous fiscal year). Main factors include a decrease of 1,454 million yen in trade receivables and an increase of 1,349 million yen in advances received, which were partially offset by an increase of 1,430 million yen in inventories, a decrease of 435 million yen in trade payables and income taxes paid of 210 million yen.

#### Cash flows from investing activities

Net cash used in investing activities was 50 million yen (compared with 242 million yen provided for the same period of the previous fiscal year). Main factors include payments into time deposits of 965 million yen, purchase of property, plant and equipment of 184 million yen and purchase of insurance funds of 233 million yen, which were partially offset by proceeds from withdrawal of time deposits of 1,096 million yen.

#### Cash flows from financing activities

Net cash used in financing activities was 272 million yen (compared with 272 million yen used for the same period of the previous fiscal year), which was caused by dividends paid of 271 million yen.

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

The earnings forecasts are based on information available at the time of the release of this report. Actual results may differ from these forecasts for a number of reasons. On October 22, 2021, we announced the revised first-half forecast, but we have not revised the full-year forecast that was announced on May 14, 2021.

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

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2021)	Second quarter of current fiscal year (As of Sep. 30, 2021)
Assets		
Current assets		
Cash and deposits	11,898	13,680
Notes and accounts receivable-trade	6,458	3,372
Electronically recorded monetary claims-operating	1,209	1,245
Work in process	6,135	12,429
Raw materials and supplies	1,230	996
Other	797	698
Allowance for doubtful accounts	(63)	(4)
Total current assets	27,667	32,416
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,015	4,897
Machinery, equipment and vehicles, net	888	895
Land	2,812	2,812
Other, net	808	763
Total property, plant and equipment	9,524	9,368
Intangible assets		
Other	167	141
Total intangible assets	167	141
Investments and other assets		
Investment securities	3,263	3,288
Retirement benefit asset	359	375
Deferred tax assets	35	33
Other	1,243	1,355
Total investments and other assets	4,901	5,052
Total non-current assets	14,592	14,561
Total assets	42,260	46,978

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2021)	Second quarter of current fiscal year (As of Sep. 30, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	2,039	1,586
Electronically recorded obligations-operating	2,693	2,725
Income taxes payable	247	168
Advances received	2,876	8,653
Provision for bonuses	383	549
Other	1,284	1,053
<b>Total current liabilities</b>	<b>9,524</b>	<b>14,738</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	403	286
Retirement benefit liability	-	9
Other	605	439
<b>Total non-current liabilities</b>	<b>1,008</b>	<b>735</b>
<b>Total liabilities</b>	<b>10,533</b>	<b>15,474</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	6,884	6,884
Capital surplus	2,535	2,535
Retained earnings	19,892	19,562
Treasury shares	(27)	(27)
<b>Total shareholders' equity</b>	<b>29,286</b>	<b>28,955</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,167	1,211
Foreign currency translation adjustment	661	780
Remeasurements of defined benefit plans	372	333
<b>Total accumulated other comprehensive income</b>	<b>2,201</b>	<b>2,325</b>
<b>Non-controlling interests</b>	<b>238</b>	<b>223</b>
<b>Total net assets</b>	<b>31,726</b>	<b>31,504</b>
<b>Total liabilities and net assets</b>	<b>42,260</b>	<b>46,978</b>



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

	(Millions of yen)	
	First six months of prior fiscal year (Apr. 1, 2020 – Sep. 30, 2020)	First six months of current fiscal year (Apr. 1, 2021 – Sep. 30, 2021)
Net sales	10,091	10,270
Cost of sales	7,683	7,525
Gross profit	2,408	2,745
Selling, general and administrative expenses	1,855	2,115
Operating profit	552	629
Non-operating income		
Gain on sale of non-current assets	3	49
Other	114	118
Total non-operating income	118	168
Non-operating expenses		
Foreign exchange losses	36	14
Depreciation	1	9
Other	17	12
Total non-operating expenses	55	36
Ordinary profit	615	760
Extraordinary income		
Subsidy income	321	-
Total extraordinary income	321	-
Profit before income taxes	936	760
Income taxes-current	196	121
Income taxes-deferred	42	103
Total income taxes	238	225
Profit	697	535
Profit (loss) attributable to non-controlling interests	20	(9)
Profit attributable to owners of parent	677	545

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

	(Millions of yen)	
	First six months of prior fiscal year (Apr. 1, 2020 – Sep. 30, 2020)	First six months of current fiscal year (Apr. 1, 2021 – Sep. 30, 2021)
Profit	697	535
Other comprehensive income		
Valuation difference on available-for-sale securities	355	43
Foreign currency translation adjustment	70	114
Remeasurements of defined benefit plans, net of tax	2	(39)
Total other comprehensive income	428	118
Comprehensive income	1,126	654
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,104	668
Comprehensive income attributable to non-controlling interests	21	(14)

**(3) Quarterly Consolidated Statement of Cash Flows**

(Millions of yen)

	First six months of prior fiscal year (Apr. 1, 2020 – Sep. 30, 2020)	First six months of current fiscal year (Apr. 1, 2021 – Sep. 30, 2021)
Cash flows from operating activities		
Profit before income taxes	936	760
Depreciation	325	347
Increase (decrease) in allowance for doubtful accounts	(0)	(2)
Increase (decrease) in provision for bonuses	(21)	164
Increase (decrease) in retirement benefit liability	17	9
Decrease (increase) in retirement benefit asset	-	(72)
Interest and dividend income	(33)	(40)
Foreign exchange losses (gains)	(30)	10
Loss (gain) on sale of property, plant and equipment	(3)	(49)
Decrease (increase) in trade receivables	(402)	1,454
Decrease (increase) in inventories	(942)	(1,430)
Increase (decrease) in trade payables	23	(435)
Subsidy income	(321)	-
Increase (decrease) in advances received	883	1,349
Other, net	185	245
Subtotal	616	2,312
Interest and dividends received	33	40
Interest paid	(2)	(3)
Income taxes paid	(19)	(210)
Income taxes refund	39	-
Subsidies received	516	23
Net cash provided by (used in) operating activities	1,183	2,162
Cash flows from investing activities		
Payments into time deposits	(1,229)	(965)
Proceeds from withdrawal of time deposits	1,708	1,096
Proceeds from redemption of securities	200	-
Purchase of property, plant and equipment	(332)	(184)
Proceeds from sale of property, plant and equipment	14	63
Purchase of intangible assets	(51)	(5)
Purchase of investment securities	(195)	(109)
Proceeds from sale and redemption of investment securities	105	174
Purchase of insurance funds	(115)	(233)
Proceeds from maturity of insurance funds	138	113
Other, net	-	0
Net cash provided by (used in) investing activities	242	(50)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Dividends paid	(271)	(271)
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	(272)	(272)
Effect of exchange rate change on cash and cash equivalents	51	55
Net increase (decrease) in cash and cash equivalents	1,204	1,894
Cash and cash equivalents at beginning of period	8,466	10,110
Cash and cash equivalents at end of period	9,670	12,004

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

Not applicable.

**Significant Changes in Shareholders' Equity**

First six months of current fiscal year (Apr. 1, 2021 – Sep. 30, 2021)

Not applicable.

**Changes in Accounting Policies**

First six months of current fiscal year (Apr. 1, 2021 – Sep. 30, 2021)

**Changes in Accounting Policies**

NITTOKU has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the current fiscal year. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers. As a result, NITTOKU has decided to recognize revenue at the time of acceptance inspection, whereas previously, revenue was recognized based on the shipping date standard for product export transactions, in which the quality of the product was confirmed to meet the customer's requirements before delivery from the factory.

For the application of the Accounting Standard for Revenue Recognition and other standards, in accordance with the transitional treatment prescribed in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the first quarter, is added to or subtracted from retained earnings at the beginning of the first quarter. The new standard is then applied beginning with this amount of retained earnings.

As a result, net sales decreased by 1,886 million yen, cost of sales decreased by 1,442 million yen and selling, general and administrative expenses decreased by 30 million yen. Operating profit, ordinary profit and profit before income taxes decreased by 412 million yen each in the first six months of the current fiscal year. In addition, the new standard decreased retained earnings at the beginning of the current fiscal year by 604 million yen.

Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), NITTOKU has not presented information on revenue from contracts with customers broken down for the first six months of the previous fiscal year.

NITTOKU has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional treatment prescribed in the proviso to Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No.10, July 4, 2019). There is no effect of this change on the quarterly consolidated financial statements.

## Segment and Other Information

### I. First six months of prior fiscal year (Apr. 1, 2020 – Sep. 30, 2020)

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

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	9,034	1,057	10,091
Inter-segment sales and transfers	-	-	-
Total	9,034	1,057	10,091
Segment profit	710	260	970

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

Profit	Amount
Total for reportable segments	970
Corporate expenses (Note)	(417)
Operating profit on the quarterly consolidated statement of income	552

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

### II. First six months of current fiscal year (Apr. 1, 2021 – Sep. 30, 2021)

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

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	9,573	697	10,270
Inter-segment sales and transfers	-	-	-
Total	9,573	697	10,270
Segment profit	798	225	1,023

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

Profit	Amount
Total for reportable segments	1,023
Corporate expenses (Note)	(394)
Operating profit on the quarterly consolidated statement of income	629

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

#### 3. Information related to revisions for reportable segments

As described in Changes in Accounting Policies, NITTOKU has applied the Accounting Standard for Revenue Recognition and other standards from the beginning of the first quarter of current fiscal year and changed the accounting method for revenue recognition. Accordingly, the method for calculating segment profit has been changed as well.

Compared with the previous method, net sales decreased 1,886 million yen and segment profit decreased 412 million yen in the Winding System & Mechatronics Business in the first six months of 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.*