

**Summary of Consolidated Financial Results for the Third Quarter
of the Fiscal Year Ending March 31, 2022
(Nine Months Ended December 31, 2021)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: February 14, 2022
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on February 10, 2022, at 15:00 (GMT +9).

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

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2021 (Apr. 1, 2021 – Dec. 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	%
Nine months ended Dec. 31, 2021	17,923	19.5	1,554	82.7	1,700	88.1	1,260	40.0
Nine months ended Dec. 31, 2020	14,993	(26.4)	850	(56.9)	903	(57.1)	899	(40.4)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2021: 2,024 (up 20.1%)
 Nine months ended Dec. 31, 2020: 1,685 (up 7.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2021	69.74	-
Nine months ended Dec. 31, 2020	49.81	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2021	48,399	32,603	66.9
As of Mar. 31, 2021	42,260	31,726	74.5

Reference: Shareholders' equity (million yen) As of Dec. 31, 2021: 32,372 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

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

Newly added: - Excluded: -

(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 Dec. 31, 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 Dec. 31, 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

Nine months ended Dec. 31, 2021:	18,067,119 shares	Nine months ended Dec. 31, 2020:	18,067,480 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 3 of the attachments "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements."

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
(3) Notes to Quarterly Consolidated Financial Statements	8
Going Concern Assumption	8
Significant Changes in Shareholders' Equity	8
Changes in Accounting Policies	8
Segment and Other Information	9

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months of the fiscal year ending March 31, 2022 (from April 1 through December 31, 2021), global economic conditions still remained unpredictable under successive waves of COVID-19 infections. In fact, just while COVID-19 vaccination rollouts were progressing and economic activity was gradually being resumed, a new variant of COVID-19 emerged and spread across the globe. Moreover, there were also lingering elements of uncertainty in the world economy such as shortage of manufacturing parts that hampered production activities, increases in raw material prices and transportation costs, escalation of the U.S.-China trade friction, and emergence of geopolitical risks.

In the Group's business activities, while we were challenged by the continued instability in parts procurement due to delays in supply chain caused by the impact of the COVID-19 infections and fluctuations in demand, domestic capital investments were on a recovering trend. Furthermore, overseas demand for such investments have recovered in Asian markets including China, as well as in the U.S. and European markets.

As a result of the above, for the first nine months of the current fiscal year, the Group reported net sales of 17,923 million yen (up 19.5% year on year), operating profit of 1,554 million yen (up 82.7% year on year), ordinary profit of 1,700 million yen (up 88.1% year on year), and profit attributable to owners of parent of 1,260 million yen (up 40.0% 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 1,796 million yen, and operating profit, ordinary profit and profit before income taxes increased 49 million yen each.

We have at this moment maintained the full-year consolidated earnings forecast as well as the year-end dividend forecast for the current fiscal year, as the timings of sales recording of projects were concentrated in the fourth quarter.

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

Winding System & Mechatronics Business

While there has been continued demand for automation for production machinery, recent years have seen production of high-quality devices such as high-efficiency motors also becoming one of its sought-after features. Moreover, demand for fully automated production lines that work without any human intervention has recently been growing due to the prolonged COVID-19 crisis.

Under such circumstances, in the mobility sector we have won a large order of production equipment for traction motors used in next-generation regular electric vehicles (EVs) that are to be launched. In the industrial equipment sector, there has been robust demand among others in industrial solenoids for electromagnetic valves, which are indispensable for automation of plants.

Key contributors to the segment sales were the information and telecommunications sector as well as the mobility sector, where sales remained strong for production machinery and related services for earphone speaker coils as well as those for in-vehicle coils and motors, respectively.

As a result of the above, the Winding System & Mechatronics Business segment, which accounts for 94% of the Group's total net sales, reported net sales of 16,839 million yen (up 25.7% year on year) and segment profit (operating profit) of 1,828 million yen (up 69.2% 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 1,796 million yen and operating profit increased by 49 million yen.

On a non-consolidated basis, the segment reported orders received of 14,786 million yen (up 18.5% year on year), net sales of 11,790 million yen (up 9.8% year on year), and the order backlog at the end of the third quarter of 19,595 million yen (up 64.1% year on year).

Contactless IC Tag & Card Business

During the first nine months 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 the amount of orders received for FA tags increased with continued inquiries received from customers.

Consequently, net sales of the Contactless IC Tag & Card Business were 1,083 million yen (down 32.0% year on year) and segment profit (operating profit) was 329 million yen (down 18.6% year on year) on a consolidated basis. On a non-consolidated basis, orders received increased to 1,585 million yen (up 73.8% year on year), while net sales decreased to 1,083 million yen (down 32.0% year on year) and the order backlog at the end of the third quarter was 769 million yen (up 75.8% year on year).

(2) Explanation of Financial Position

1) Assets

Current assets increased 5,606 million yen from the end of the previous fiscal year to 33,274 million yen. This was mainly attributable to increases of 2,031 million yen in cash and deposits and 6,426 million yen in work in process, which were partially offset by a decrease of 2,839 million yen in notes and accounts receivable-trade.

Non-current assets increased 531 million yen from the end of the previous fiscal year to 15,124 million yen. This was mainly attributable to an increase of 604 million yen in investment securities.

As a result, total assets increased 6,138 million yen from the end of the previous fiscal year to 48,399 million yen.

2) Liabilities

Current liabilities increased 5,412 million yen from the end of the previous fiscal year to 14,937 million yen. This was mainly attributable to an increase of 5,215 million yen in advances received.

Non-current liabilities decreased 150 million yen from the end of the previous fiscal year to 858 million yen. This was mainly attributable to a decrease of 286 million yen in other, while there was an increase of 124 million yen in deferred tax liabilities.

As a result, total liabilities increased 5,261 million yen from the end of the previous fiscal year to 15,795 million yen.

3) Net assets

Total net assets increased 877 million yen from the end of the previous fiscal year to 32,603 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.

(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. 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)	Third quarter of current fiscal year (As of Dec. 31, 2021)
Assets		
Current assets		
Cash and deposits	11,898	13,930
Notes and accounts receivable-trade	6,458	3,619
Electronically recorded monetary claims-operating	1,209	1,071
Work in process	6,135	12,562
Raw materials and supplies	1,230	1,099
Other	797	1,001
Allowance for doubtful accounts	(63)	(10)
Total current assets	27,667	33,274
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,015	4,844
Machinery, equipment and vehicles, net	888	934
Land	2,812	2,812
Other, net	808	627
Total property, plant and equipment	9,524	9,218
Intangible assets		
Other	167	139
Total intangible assets	167	139
Investments and other assets		
Investment securities	3,263	3,867
Retirement benefit asset	359	379
Deferred tax assets	35	27
Other	1,243	1,491
Total investments and other assets	4,901	5,766
Total non-current assets	14,592	15,124
Total assets	42,260	48,399

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2021)	Third quarter of current fiscal year (As of Dec. 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,039	2,046
Electronically recorded obligations-operating	2,693	2,970
Income taxes payable	247	116
Advances received	2,876	8,091
Provision for bonuses	383	393
Other	1,284	1,318
Total current liabilities	9,524	14,937
Non-current liabilities		
Deferred tax liabilities	403	527
Retirement benefit liability	-	12
Other	605	318
Total non-current liabilities	1,008	858
Total liabilities	10,533	15,795
Net assets		
Shareholders' equity		
Share capital	6,884	6,884
Capital surplus	2,535	2,535
Retained earnings	19,892	20,006
Treasury shares	(27)	(27)
Total shareholders' equity	29,286	29,399
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,167	1,601
Foreign currency translation adjustment	661	1,058
Remeasurements of defined benefit plans	372	313
Total accumulated other comprehensive income	2,201	2,973
Non-controlling interests	238	230
Total net assets	31,726	32,603
Total liabilities and net assets	42,260	48,399

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

	(Millions of yen)	
	First nine months of prior fiscal year (Apr. 1, 2020 – Dec. 31, 2020)	First nine months of current fiscal year (Apr. 1, 2021 – Dec. 31, 2021)
Net sales	14,993	17,923
Cost of sales	11,250	13,070
Gross profit	3,742	4,852
Selling, general and administrative expenses	2,891	3,298
Operating profit	850	1,554
Non-operating income		
Gain on sale of non-current assets	7	49
Other	172	183
Total non-operating income	179	232
Non-operating expenses		
Foreign exchange losses	72	56
Other	53	30
Total non-operating expenses	125	87
Ordinary profit	903	1,700
Extraordinary income		
Subsidy income	327	-
Total extraordinary income	327	-
Profit before income taxes	1,231	1,700
Income taxes-current	210	272
Income taxes-deferred	106	179
Total income taxes	316	451
Profit	914	1,248
Profit (loss) attributable to non-controlling interests	14	(11)
Profit attributable to owners of parent	899	1,260

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

	(Millions of yen)	
	First nine months of prior fiscal year (Apr. 1, 2020 – Dec. 31, 2020)	First nine months of current fiscal year (Apr. 1, 2021 – Dec. 31, 2021)
Profit	914	1,248
Other comprehensive income		
Valuation difference on available-for-sale securities	579	433
Foreign currency translation adjustment	188	401
Remeasurements of defined benefit plans, net of tax	3	(58)
Total other comprehensive income	771	775
Comprehensive income	1,685	2,024
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,665	2,031
Comprehensive income attributable to non-controlling interests	20	(7)

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

Not applicable.

Significant Changes in Shareholders' Equity

First nine months of current fiscal year (Apr. 1, 2021 – Dec. 31, 2021)

Not applicable.

Changes in Accounting Policies

First nine months of current fiscal year (Apr. 1, 2021 – Dec. 31, 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 1,796 million yen, cost of sales decreased by 1,789 million yen and selling, general and administrative expenses decreased by 56 million yen. Operating profit, ordinary profit and profit before income taxes increased by 49 million yen each in the first nine 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 nine 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 nine months of prior fiscal year (Apr. 1, 2020 – Dec. 31, 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	13,398	1,594	14,993
Inter-segment sales and transfers	-	-	-
Total	13,398	1,594	14,993
Segment profit	1,080	404	1,484

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	1,484
Corporate expenses (Note)	(634)
Operating profit on the quarterly consolidated statement of income	850

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

II. First nine months of current fiscal year (Apr. 1, 2021 – Dec. 31, 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	16,839	1,083	17,923
Inter-segment sales and transfers	-	-	-
Total	16,839	1,083	17,923
Segment profit	1,828	329	2,157

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	2,157
Corporate expenses (Note)	(603)
Operating profit on the quarterly consolidated statement of income	1,554

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 1,796 million yen and segment profit increased 49 million yen in the Winding System & Mechatronics Business in the first nine 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.