

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022
[Japanese GAAP]

Company name: NITTOKU CO., LTD.

Listing: Tokyo Stock Exchange

Stock code: 6145

 URL: <https://nittoku.co.jp>

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Scheduled date of Annual General Meeting of Shareholders: June 28, 2022

Scheduled date of filing of Annual Securities Report: June 29, 2022

Scheduled date of payment of dividend: June 29, 2022

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 13, 2022, at 15:00 (GMT +9).

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)
(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, 2022	28,121	27.6	2,885	112.8	3,030	124.6	2,308	85.0
Fiscal year ended Mar. 31, 2021	22,046	(19.8)	1,356	(45.4)	1,348	(49.4)	1,247	(41.2)

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2022: 3,340 (up 15.4%)

Fiscal year ended Mar. 31, 2021: 2,895 (up 73.0%)

	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, 2022	127.78	-	7.1	6.8	10.3
Fiscal year ended Mar. 31, 2021	69.05	-	4.1	3.4	6.2

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2022: - Fiscal year ended Mar. 31, 2021: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2022	47,340	33,919	71.1	1,862.73
As of Mar. 31, 2021	42,260	31,726	74.5	1,742.86

Reference: Shareholders' equity (million yen) As of Mar. 31, 2022: 33,653 As of Mar. 31, 2021: 31,488

(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, 2022	2,689	(714)	(848)	11,768
Fiscal year ended Mar. 31, 2021	2,687	(688)	(681)	10,110

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, 2021	-	15.00	-	15.00	30.00	542	43.4	1.8
Fiscal year ended Mar. 31, 2022	-	15.00	-	25.00	40.00	722	31.3	2.2
Fiscal year ending Mar. 31, 2023 (forecast)	-	15.00	-	15.00	30.00		21.7	

Note: Breakdown of dividends for the fiscal year ended Mar. 31, 2022: Ordinary dividends: 15.00 yen

Commemorative dividends: 10.00 yen

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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	13,500	31.4	1,300	106.4	1,300	70.8	950	74.3	52.58
Full year	32,000	13.8	3,300	14.3	3,300	8.9	2,500	8.3	138.37

*** Notes**

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

Newly added: 1 (NITTOKU ENGINEERING VIETNAM CO., LTD.) Excluded: -

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2022: 18,098,923 shares As of Mar. 31, 2021: 18,098,923 shares

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

As of Mar. 31, 2022: 31,887 shares As of Mar. 31, 2021: 31,730 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2022: 18,067,099 shares Fiscal year ended Mar. 31, 2021: 18,067,451 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(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, 2022	21,984	26.2	1,711	301.2	1,905	262.7	1,431	122.0
Fiscal year ended Mar. 31, 2021	17,426	(24.0)	426	(70.9)	525	(65.4)	644	(51.2)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2022	79.22	-
Fiscal year ended Mar. 31, 2021	35.69	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2022	35,732	24,616	68.9	1,362.49
As of Mar. 31, 2021	32,089	23,841	74.3	1,319.61

Reference: Shareholders' equity (million yen) As of Mar. 31, 2022: 24,616 As of Mar. 31, 2021: 23,841

2. Non-consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	10,000	33.8	650	54.1	450	62.1	24.91
Full year	25,000	13.7	2,500	31.2	1,750	22.3	96.86

* 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 4 of the attachments "1. Overview of Results of Operations, (4) Outlook."

The Company plans to hold a results presentation for institutional investors and analysts on May 30, 2022. 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, 2022 (from April 1, 2021 through March 31, 2022), the world economy was solid, coping relatively well with the outbreak of COVID-19 mutant viruses in many countries. However, the economic outlook for the future is still uncertain for a number of reasons, including the slowdown of manufacturing and logistics caused by China's zero-COVID policy, and the disruption of the global supply chain and upward price pressure in the wake of Russia's invasion in Ukraine.

The global business environment surrounding the Group has been on the steady recovery from the COVID-19 pandemic, with the manufacturing industry as a whole actively making capital investments, motivated by the strong need for automating and upgrading manufacturing facilities. While the supply of parts and materials remained unstable due to the supply chain bottlenecks in the face of the pandemic and demand volatility, the Group recorded year-on-year increases in both net sales and profits backed by its efforts to improve production efficiency and to accurately capture customer needs based on its policy placing importance on local production for location consumption.

As a result of the above, for the fiscal year ended March 31, 2022, the Group recorded net sales of 28,121 million yen (up 27.6% year on year), operating profit of 2,885 million yen (up 112.8% year on year), ordinary profit of 3,030 million yen (up 124.6% year on year), and profit attributable to owners of parent of 2,308 million yen (up 85.0% year on year). Following the application of the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020; hereinafter the "Accounting Standard for Revenue Recognition") and other standards, net sales increased by 994 million yen, and operating profit, ordinary profit and profit before income taxes increased by 271 million yen each.

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

Winding System & Mechatronics Business

The Group strengthened 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 our proprietary platform, to ultimately deepen our operations in existing business domains as well as explore peripheral domains. Further, we raised production efficiency by remotely negotiating deals, discussing specifications, performing final inspection, and supporting installations, as well as improved productivity and competitiveness by reducing manufacturing costs, etc.

As a result of the above, the Winding System & Mechatronics Business segment, which accounts for 94% of the Group's total net sales, recorded net sales of 26,470 million yen (up 31.9% year on year) and segment profit (operating profit) of 3,154 million yen (up 87.7% year on year) on a consolidated basis. Following the application of the Accounting Standard for Revenue Recognition and other standards, net sales increased by 994 million yen and operating profit increased by 271 million yen.

On a non-consolidated basis, the segment reported orders received of 19,675 million yen (up 21.1% year on year), net sales of 20,333 million yen (up 31.6% year on year), and the order backlog at the end of the current fiscal year of 15,942 million yen (up 45.1% year on year).

Contactless IC Tag & Card Business

Sales of contactless IC cards, which remained relatively steady in the previous fiscal year, came to a lull and thus declined, whereas the amount of orders received for FA tags increased two-fold from the previous fiscal year, with persistently brisk inquiries coming in from customers. As a result, the Contactless IC Tag & Card Business recorded net sales of 1,651 million yen (down 16.4% year on year) and segment profit (operating profit) of 552 million yen (up 14.9% year on year) on a consolidated basis. On a non-consolidated basis, orders received increased to 2,631 million yen (up 134.5% year on year), net sales decreased to 1,651 million yen (down 16.4% year on year), and the order backlog at the end of the current fiscal year soared to 1,248 million yen (up 365.6% year on year).

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

1) Assets

Current assets increased 4,609 million yen from the end of the previous fiscal year to 32,276 million yen. This was mainly attributable to increases of 1,830 million yen in cash and deposits and 3,031 million yen in work in process.

Non-current assets increased 470 million yen from the end of the previous fiscal year to 15,063 million yen. This was mainly attributable to increases of 297 million yen in investment securities and 106 million yen in retirement benefit asset, which were partially offset by a decrease of 216 million yen in buildings and structures.

As a result, total assets increased 5,079 million yen from the end of the previous fiscal year to 47,340 million yen.

2) Liabilities

Current liabilities increased 3,227 million yen from the end of the previous fiscal year to 12,752 million yen. This was mainly attributable to an increase of 3,073 million yen in advances received.

Non-current liabilities decreased 340 million yen from the end of the previous fiscal year to 668 million yen. This was mainly attributable to a decrease of 117 million yen in deferred tax liabilities.

As a result, total liabilities increased 2,886 million yen from the end of the previous fiscal year to 13,420 million yen.

3) Net assets

Total net assets increased 2,192 million yen from the end of the previous fiscal year to 33,919 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) 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 1,657 million yen from the end of the previous fiscal year to 11,768 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 2,689 million yen (compared with 2,687 million yen provided for the previous fiscal year). Main factors include profit before income taxes of 3,030 million yen and a decrease of 1,390 million yen in inventories, with an increase of 651 million yen in trade receivables and a decrease of 1,456 million yen in advances received.

Cash flows from investing activities

Net cash used in investing activities was 714 million yen (compared with 688 million yen used for the previous fiscal year). Main factors include proceeds from withdrawal of time deposits of 2,735 million yen, with payments into time deposits of 2,767 million yen and purchase of insurance funds of 462 million yen.

Cash flows from financing activities

Net cash used in financing activities was 848 million yen (compared with 681 million yen used for the previous fiscal year), which resulted from dividends paid of 541 million yen.

(4) Future Outlook

Hereafter, the Company will continue to expand the "Blue Lake" strategy. To implement production engineering on behalf of customers in a range of processes in diverse industries, we will globally deliver production systems catering to the needs of customers expeditiously and efficiently by integrating proprietary technologies of other companies into the production system platform we have built up. Overseas, a European subsidiary located in Austria has markedly grown. In Asia, we will strengthen our operations in not only China but also South-East Asia where we have newly established a subsidiary in Vietnam. Further, we will enhance our support service system at each of our business locations abroad so we can adapt to the increasing formation of economic blocs around the world. We will also capture business opportunities arising from current mega trends toward digitalization and greening, as represented by SDGs and decarbonization initiatives, and transition to 5G, to meet customers' need for investing in large-scale and advanced facilities. Moreover, the Japanese yen has been depreciating against the U.S. dollar as the long-term interest rate has risen in the U.S. in anticipation of economic recovery in the near term, which we believe will help revitalize the exporting industries and drive capital investments in the private sector.

The Company will continuously generate profit, increase corporate value, and realize a sustainable society through a resolution of social problems.

In the next fiscal year ending on March 31, 2023, we expect to record net sales of 32,000 million yen (up 13.8% year on year), operating profit of 3,300 million yen (up 14.3% year on year), ordinary profit of 3,300 million yen (up 8.9% year on year) and profit attributable to owners of parent of 2,500 million yen (up 8.3% 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**

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2021)	Current fiscal year (As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	11,898	13,729
Notes and accounts receivable-trade	6,458	5,661
Electronically recorded monetary claims-operating	1,209	1,236
Work in process	6,135	9,167
Raw materials and supplies	1,230	1,483
Other	797	1,005
Allowance for doubtful accounts	(63)	(7)
Total current assets	27,667	32,276
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,015	4,799
Machinery, equipment and vehicles, net	888	976
Land	2,812	2,812
Other, net	808	685
Total property, plant and equipment	9,524	9,272
Intangible assets		
Other	167	120
Total intangible assets	167	120
Investments and other assets		
Investment securities	3,263	3,560
Retirement benefit asset	359	465
Deferred tax assets	35	29
Other	1,243	1,614
Total investments and other assets	4,901	5,669
Total non-current assets	14,592	15,063
Total assets	42,260	47,340

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2021)	Current fiscal year (As of Mar. 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,039	1,579
Electronically recorded obligations-operating	2,693	2,839
Income taxes payable	247	555
Advances received	2,876	5,949
Provision for bonuses	383	519
Other	1,284	1,310
Total current liabilities	9,524	12,752
Non-current liabilities		
Retirement benefit liability	-	12
Deferred tax liabilities	403	286
Other	605	369
Total non-current liabilities	1,008	668
Total liabilities	10,533	13,420
Net assets		
Shareholders' equity		
Share capital	6,884	6,884
Capital surplus	2,535	2,535
Retained earnings	19,892	21,054
Treasury shares	(27)	(27)
Total shareholders' equity	29,286	30,447
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,167	1,298
Foreign currency translation adjustment	661	1,556
Remeasurements of defined benefit plans	372	351
Total accumulated other comprehensive income	2,201	3,206
Non-controlling interests	238	265
Total net assets	31,726	33,919
Total liabilities and net assets	42,260	47,340

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

(Millions of yen)

	Prior fiscal year (Apr. 1, 2020 – Mar. 31, 2021)	Current fiscal year (Apr. 1, 2021 – Mar. 31, 2022)
Net sales	22,046	28,121
Cost of sales	16,743	21,034
Gross profit	5,302	7,086
Selling, general and administrative expenses	3,946	4,200
Operating profit	1,356	2,885
Non-operating income		
Interest income	17	52
Dividend income	40	39
Gain on sale of non-current assets	7	50
Subsidy income	-	29
Other	132	114
Total non-operating income	198	286
Non-operating expenses		
Foreign exchange losses	104	80
Loss on retirement of non-current assets	31	26
Depreciation	15	20
Other	54	15
Total non-operating expenses	206	142
Ordinary profit	1,348	3,030
Extraordinary income		
Subsidy income	345	-
Total extraordinary income	345	-
Profit before income taxes	1,694	3,030
Income taxes-current	452	675
Income taxes-deferred	(45)	39
Total income taxes	407	714
Profit	1,287	2,315
Profit attributable to non-controlling interests	39	6
Profit attributable to owners of parent	1,247	2,308

Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Prior fiscal year	Current fiscal year
	(Apr. 1, 2020 – Mar. 31, 2021)	(Apr. 1, 2021 – Mar. 31, 2022)
Profit	1,287	2,315
Other comprehensive income		
Valuation difference on available-for-sale securities	698	130
Foreign currency translation adjustment	554	915
Remeasurements of defined benefit plans, net of tax	355	(21)
Total other comprehensive income	1,608	1,024
Comprehensive income	2,895	3,340
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,840	3,312
Comprehensive income attributable to non-controlling interests	54	27

(3) Consolidated Statement of Changes in Equity

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

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,884	2,535	19,187	(25)	28,582
Changes during period					
Dividends of surplus			(542)		(542)
Profit attributable to owners of parent			1,247		1,247
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	705	(1)	704
Balance at end of period	6,884	2,535	19,892	(27)	29,286

(Millions 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	122	17	608	167	29,359
Changes during period						
Dividends of surplus						(542)
Profit attributable to owners of parent						1,247
Purchase of treasury shares						(1)
Net changes in items other than shareholders' equity	698	539	355	1,593	70	1,663
Total changes during period	698	539	355	1,593	70	2,367
Balance at end of period	1,167	661	372	2,201	238	31,726

Current fiscal year (Apr. 1, 2021 – Mar. 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,884	2,535	19,892	(27)	29,286
Cumulative effects of changes in accounting policies			(604)		(604)
Restated balance	6,884	2,535	19,288	(27)	28,681
Changes during period					
Dividends of surplus			(542)		(542)
Profit attributable to owners of parent			2,308		2,308
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,766	(0)	1,765
Balance at end of period	6,884	2,535	21,054	(27)	30,447

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,167	661	372	2,201	238	31,726
Cumulative effects of changes in accounting policies						(604)
Restated balance	1,167	661	372	2,201	238	31,121
Changes during period						
Dividends of surplus						(542)
Profit attributable to owners of parent						2,308
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	130	894	(21)	1,004	27	1,031
Total changes during period	130	894	(21)	1,004	27	2,797
Balance at end of period	1,298	1,556	351	3,206	265	33,919

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Prior fiscal year (Apr. 1, 2020 – Mar. 31, 2021)	Current fiscal year (Apr. 1, 2021 – Mar. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	1,694	3,030
Depreciation	706	1,032
Increase (decrease) in allowance for doubtful accounts	(64)	0
Increase (decrease) in provision for bonuses	(72)	127
Increase (decrease) in retirement benefit liability	29	11
Decrease (increase) in retirement benefit asset	-	(136)
Interest and dividend income	(58)	(92)
Subsidy income	(345)	29
Loss (gain) on sale of property, plant and equipment	(7)	(50)
Loss on liquidation of subsidiaries and associates	31	-
Loss on retirement of non-current assets	31	26
Decrease (increase) in trade receivables	(449)	(651)
Decrease (increase) in inventories	(1,331)	1,390
Increase (decrease) in trade payables	292	(430)
Increase (decrease) in advances received	1,237	(1,456)
Other, net	694	147
Subtotal	2,389	2,976
Interest and dividends received	59	92
Interest paid	(6)	(10)
Income taxes paid	(334)	(399)
Income taxes refund	39	-
Subsidies received	540	29
Net cash provided by (used in) operating activities	2,687	2,689
Cash flows from investing activities		
Payments into time deposits	(2,088)	(2,767)
Proceeds from withdrawal of time deposits	2,178	2,735
Purchase of property, plant and equipment	(677)	(368)
Proceeds from sale of property, plant and equipment	14	65
Purchase of intangible assets	(74)	(15)
Purchase of investment securities	(209)	(213)
Proceeds from sale of investment securities	122	184
Proceeds from redemption of securities	200	-
Purchase of insurance funds	(361)	(462)
Proceeds from maturity of insurance funds	207	126
Other, net	-	0
Net cash provided by (used in) investing activities	(688)	(714)
Cash flows from financing activities		
Purchase of treasury shares	(1)	(0)
Dividends paid	(542)	(541)
Proceeds from share issuance to non-controlling shareholders	15	-
Other, net	(153)	(305)
Net cash provided by (used in) financing activities	(681)	(848)
Effect of exchange rate change on cash and cash equivalents	327	531
Net increase (decrease) in cash and cash equivalents	1,644	1,657
Cash and cash equivalents at beginning of period	8,466	10,110
Cash and cash equivalents at end of period	10,110	11,768

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

Not applicable.

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 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 of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings.

As a result, on the consolidated statement of income for the current fiscal year, net sales increased by 994 million yen, cost of sales increased by 769 million yen, and selling, general and administrative expenses decreased by 46 million yen. Operating profit, ordinary profit, and profit before income taxes increased by 271 million yen each.

The beginning balance of retained earnings on the consolidated statement of changes in equity decreased by 604 million yen as the cumulative effect of the retrospective application of the new standard was reflected in net assets at the beginning of the current 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 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 consolidated financial statements.

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."

As described in "Changes in Accounting Policies," the Company has applied the Accounting Standard for Revenue Recognition and other standards, and accordingly, has changed the method for calculating profits for each reportable segment since the preparation of the consolidated financial statements for the fiscal year ended March 31, 2022.

For the fiscal year under review, as the result of these changes, net sales increased by 994 million yen and segment profit increased by 271 million yen in the Winding System & Mechatronics Business segment.

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

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

(Millions of yen)

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	20,071	1,974	22,046
Inter-segment sales and transfers	-	-	-
Total	20,071	1,974	22,046
Segment profit	1,679	480	2,160
Segment assets	28,121	1,636	29,758
Other items			
Depreciation	482	128	611
Change in property, plant and equipment and intangible assets	617	55	673

Current fiscal year (Apr. 1, 2021 – Mar. 31, 2022)

(Millions of yen)

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	26,470	1,651	28,121
Inter-segment sales and transfers	-	-	-
Total	26,470	1,651	28,121
Segment profit	3,154	552	3,706
Segment assets	32,181	1,606	33,787
Other items			
Depreciation	825	107	933
Change in property, plant and equipment and intangible assets	521	25	547

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

(Millions of yen)

Profit	Prior fiscal year	Current fiscal year
Total for reportable segments	2,160	3,706
Corporate expenses (Note)	(804)	(820)
Operating profit on the consolidated financial statements	1,356	2,885

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

(Millions of yen)

Assets	Prior fiscal year	Current fiscal year
Total for reportable segments	29,758	33,787
Corporate assets (Note)	12,502	13,552
Total assets on the consolidated financial statements	42,260	47,340

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

(Millions 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	611	933	95	98	706	1,032
Change in property, plant and equipment and intangible assets	673	547	244	24	917	572

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

Related information

Prior 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

(Millions of yen)

Japan	China	Asia	America	Europe	Total
10,382	5,558	3,016	908	2,180	22,046

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.

Current fiscal year (Apr. 1, 2021 – Mar. 31, 2022)

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

(Millions of yen)

Japan	China	Asia	America	Europe	Total
9,993	7,715	4,906	1,786	3,719	28,121

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 12,726 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

Not applicable.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per-share Information

(Yen)

	Prior fiscal year (Apr. 1, 2020 – Mar. 31, 2021)	Current fiscal year (Apr. 1, 2021 – Mar. 31, 2022)
Net assets per share	1,742.86	1,862.73
Net income per share	69.05	127.78

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.

(Millions of yen, unless otherwise stated)

Item	Prior fiscal year (Apr. 1, 2020 – Mar. 31, 2021)	Current fiscal year (Apr. 1, 2021 – Mar. 31, 2022)
Net income per share		
Profit attributable to owners of parent	1,247	2,308
Amount not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	1,247	2,308
Average number of common stock shares outstanding during the period (Shares)	18,067,451 shares	18,067,099 shares

Material Subsequent Events

Not applicable.

4. Non-consolidated Financial Statements and Notes

(1) Balance Sheet

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2021)	Current fiscal year (As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	5,411	5,934
Notes receivable-trade	222	148
Accounts receivable-trade	5,048	4,513
Electronically recorded monetary claims-operating	1,199	1,215
Work in process	4,629	7,615
Raw materials and supplies	685	764
Consumption taxes receivable	316	356
Current portion of long-term loans receivable from subsidiaries and associates	55	24
Other	300	523
Allowance for doubtful accounts	(60)	(4)
Total current assets	17,807	21,090
Non-current assets		
Property, plant and equipment		
Buildings	4,203	3,984
Structures	158	143
Machinery and equipment	553	540
Vehicles	6	10
Tools, furniture and fixtures	226	177
Land	2,550	2,550
Construction in progress	134	172
Total property, plant and equipment	7,832	7,579
Intangible assets		
Software	89	62
Other	35	12
Total intangible assets	125	74
Investments and other assets		
Investment securities	2,937	3,221
Shares of subsidiaries and associates	650	650
Investments in capital of subsidiaries and associates	1,568	1,568
Long-term loans receivable from subsidiaries and associates	-	18
Insurance funds	1,065	1,416
Other	102	112
Total investments and other assets	6,324	6,988
Total non-current assets	14,282	14,642
Total assets	32,089	35,732

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2021)	Current fiscal year (As of Mar. 31, 2022)
Liabilities		
Current liabilities		
Notes payable-trade	245	326
Accounts payable-trade	1,396	996
Electronically recorded obligations-operating	2,693	2,839
Accounts payable-other	828	437
Income taxes payable	148	453
Advances received	1,659	4,838
Provision for bonuses	270	379
Other	431	500
Total current liabilities	7,675	10,771
Non-current liabilities		
Long-term accounts payable-other	194	194
Provision for retirement benefits	182	54
Deferred tax liabilities	134	34
Other	61	61
Total non-current liabilities	572	344
Total liabilities	8,247	11,116
Net assets		
Shareholders' equity		
Share capital	6,884	6,884
Capital surplus		
Legal capital surplus	2,542	2,542
Total capital surpluses	2,542	2,542
Retained earnings		
Legal retained earnings	202	202
Other retained earnings		
General reserve	2,200	2,200
Retained earnings brought forward	10,916	11,537
Total retained earnings	13,319	13,940
Treasury shares	(27)	(27)
Total shareholders' equity	22,719	23,340
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,121	1,275
Total valuation and translation adjustments	1,121	1,275
Total net assets	23,841	24,616
Total liabilities and net assets	32,089	35,732

(2) Statement of Income

	(Millions of yen)	
	Prior fiscal year (Apr. 1, 2020 – Mar. 31, 2021)	Current fiscal year (Apr. 1, 2021 – Mar. 31, 2022)
Net sales	17,426	21,984
Cost of sales	14,027	17,001
Gross profit	3,398	4,982
Selling, general and administrative expenses	2,972	3,271
Operating profit	426	1,711
Non-operating income		
Interest and dividend income	37	36
Foreign exchange losses	4	53
Gain on sale of non-current assets	0	49
Gain on insurance cancellation	68	-
Other	58	105
Total non-operating income	169	244
Non-operating expenses		
Depreciation	15	20
Loss on retirement of non-current assets	28	26
Loss on liquidation of subsidiaries	13	-
Other	12	4
Total non-operating expenses	70	50
Ordinary profit	525	1,905
Extraordinary income		
Subsidy income	288	-
Total extraordinary income	288	-
Profit before income taxes	814	1,905
Income taxes-current	263	528
Income taxes-deferred	(94)	(54)
Total income taxes	169	474
Profit	644	1,431

(3) Statement of Changes in Equity

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

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Other retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	6,884	2,542	2,542	202	2,200	10,813	13,216
Changes during period							
Dividends of surplus						(542)	(542)
Profit						644	644
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	102	102
Balance at end of period	6,884	2,542	2,542	202	2,200	10,916	13,319

(Millions 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)	22,618	469	469	23,087
Changes during period					
Dividends of surplus		(542)			(542)
Profit		644			644
Purchase of treasury shares	(1)	(1)			(1)
Net changes in items other than shareholders' equity			652	652	652
Total changes during period	(1)	101	652	652	753
Balance at end of period	(27)	22,719	1,121	1,121	23,841

Current fiscal year (Apr. 1, 2021 – Mar. 31, 2022)

(Millions 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	2,542	2,542	202	2,200	10,916	13,319
Cumulative effects of changes in accounting policies						(267)	(267)
Restated balance	6,884	2,542	2,542	202	2,200	10,648	13,051
Changes during period							
Dividends of surplus						(542)	(542)
Profit						1,431	1,431
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	889	889
Balance at end of period	6,884	2,542	2,542	202	2,200	11,537	13,940

(Millions 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	(27)	22,719	1,121	1,121	23,841
Cumulative effects of changes in accounting policies		(267)			(267)
Restated balance	(27)	22,452	1,121	1,121	23,573
Changes during period					
Dividends of surplus		(542)			(542)
Profit		1,431			1,431
Purchase of treasury shares	(0)	(0)			(0)
Net changes in items other than shareholders' equity			153	153	153
Total changes during period	(0)	888	153	153	1,042
Balance at end of period	(27)	23,340	1,275	1,275	24,616

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 in reporting 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.