

**Summary of Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2023
(Three Months Ended June 30, 2022)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: August 10, 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 August 9, 2022, at 15:00 (GMT +9).

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

1. Consolidated Financial Results for the First Quarter Ended June 30, 2022 (Apr. 1, 2022 – Jun. 30, 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	%
Three months ended Jun. 30, 2022	4,407	(20.3)	(10)	-	12	(97.9)	41	(90.5)
Three months ended Jun. 30, 2021	5,531	37.5	561	461.3	615	309.3	443	356.2

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2022: 260 (down 48.5%)
 Three months ended Jun. 30, 2021: 506 (up 55.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2022	2.32	-
Three months ended Jun. 30, 2021	24.56	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2022	47,021	33,728	71.2
As of Mar. 31, 2022	47,340	33,919	71.1

Reference: Shareholders' equity (million yen) As of Jun. 30, 2022: 33,459 As of Mar. 31, 2022: 33,653

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2022	-	15.00	-	25.00	40.00
Fiscal year ending Mar. 31, 2023	-	-	-	-	-
Fiscal year ending Mar. 31, 2023 (forecast)	-	15.00	-	15.00	30.00

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

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2023 (Apr. 1, 2022 – Mar. 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	14,000	36.3	950	50.8	920	20.9	630	15.6	34.87
Full year	32,000	13.8	3,300	14.3	3,300	8.9	2,500	8.3	138.37

Note: Revisions to the most recently announced consolidated earnings forecast: Yes

*** 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 Jun. 30, 2022:	18,098,923 shares	As of Mar. 31, 2022:	18,098,923 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2022:	31,887 shares	As of Mar. 31, 2022:	31,887 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2022:	18,067,036 shares	Three months ended Jun. 30, 2021:	18,067,173 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."

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first three months of the fiscal year ending March 31, 2023 (from April 1 through June 30, 2022), we saw many countries attempting to balance between the measures to prevent the infection with COVID-19 and spur economic activities. Despite such attempts, however, the economic outlook for the future has remained uncertain with concerns that a number of headwinds could affect the global economic recovery. Such headwinds include rises in resources and energy prices and the disruption of the global supply chain amid the prolonged conflict in Ukraine; restricted production activities and a growing shortage of resources, parts and materials in the wake of the COVID-19 crisis; and a rapid shift to tighter monetary policies against the backdrop of inflationary trends worldwide. During the period under review, the business environment for the Group showed signs of improvement as economic activities recovered from the coronavirus-induced slump globally and some manufacturers proactively made capital investments to fulfill their needs for automating, sophisticating, and improving the quality of production facilities.

Meanwhile, based on the idea of promoting local production for local consumption, the Company made efforts to build a system leveraging remote technologies that enables us to remotely negotiate over sales and specifications issues, confirm completion, and provide installation supports, as well as transferred the order-taking, production, and service provision operations to overseas branches to improve production efficiency. We also accelerated our efforts to implement production engineering on behalf of customers in a bid to accurately meet the needs and wants of our customers, as well as promoted collaboration and co-creation with customers. As a result of the above efforts, on a non-consolidated basis, orders received increased 9.9% year on year to 6,698 million yen. Nevertheless, non-consolidated net sales decreased 10.0% year on year as the supply of parts and materials, and parts for sale remained unstable amid the disruption of the global supply chain, and most of our overseas branches were rapidly forced to extend delivery times. Consequently, the order backlog increased 6.7% year on year to 20,614 million yen on a non-consolidated basis.

As such, for the first three months of the current fiscal year, due primarily to a longer time to delivery, the Group reported net sales of 4,407 million yen (down 20.3% year on year), operating loss of 10 million yen (compared to operating profit of 561 million yen for the same period of the previous fiscal year), ordinary profit of 12 million yen (down 97.9% year on year), and profit attributable to owners of parent of 41 million yen (down 90.5% year on year) on a consolidated basis.

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

Winding System & Mechatronics Business

The Company created multiple platforms to serve as the basis for constructing totally automated, high-precision production lines integrated with a cutting-edge transport technology. These platforms include production systems that are built on advanced underlying technologies for winding, tensioning, and material handling and that run on our proprietary OS enabling synchronous control of multiple axes. With “implementing production engineering on behalf of customers” as a key phrase, we promoted collaboration and co-creation with customers through our Blue Lake strategy, an approach leveraging open innovation. In fact, we responded expeditiously to diverse needs brought about by this approach, tapped further into our existing business segments, and continued to explore peripheral business segments. In addition, to address various constraints amid the COVID-19 crisis, under the concept of local production for local consumption, we made efforts to streamline our marketing, production and service operations and cut production costs by shifting operations online primarily at overseas branches to maximize productivity and competitiveness. Despite these efforts, however, we were unable to ward off the impact of delayed procurement of parts and materials and the prolonged time to delivery in the wake of the global supply chain disruption.

As a result of the above, the Winding System & Mechatronics Business segment, which accounts for about 88% of the Group’s total net sales, reported net sales of 3,865 million yen (down 25.5% year on year) and segment profit (operating profit) of 77 million yen (down 87.4% year on year) on a consolidated basis.

On a non-consolidated basis, the segment reported orders received of 6,220 million yen (up 10.6% year on year), net sales of 2,732 million yen (down 17.0% year on year), and the order backlog at the end of the first quarter of

19,429 million yen (up 2.7% year on year).

Contactless IC Tag & Card Business

During the first three months of the current fiscal year, we continued to receive a growing number of inquiries for contactless IC cards and FA tags for production control systems, and thus, net sales of the contactless IC cards increased 48.3% year on year and net sales of FA tags for production control systems increased 29.4-fold year on year.

As a result, net sales of the Contactless IC Tag & Card Business were 541 million yen (up 56.9% year on year) and segment profit (operating profit) was 140 million yen (up 8.9% year on year) on a consolidated basis. On a non-consolidated basis, orders received increased to 477 million yen (up 1.5% year on year), while net sales increased to 541 million yen (up 56.9% year on year) and the order backlog at the end of the first quarter was 1,184 million yen (up 201.2% year on year).

(2) Explanation of Financial Position

1) Assets

Current assets decreased 190 million yen from the end of the previous fiscal year to 32,086 million yen. This decrease was mainly attributable to decreases of 1,524 million yen in cash and deposits and 290 million yen in notes and accounts receivable-trade, which were partially offset by an increase of 1,725 million yen in work in process.

Non-current assets decreased 127 million yen from the end of the previous fiscal year to 14,935 million yen. This decrease was mainly attributable to a decrease of 314 million yen in investment securities coupled with an increase of 154 million yen in deferred tax assets.

Consequently, total assets decreased 318 million yen from the end of the previous fiscal year to 47,021 million yen.

2) Liabilities

Current liabilities decreased 118 million yen from the end of the previous fiscal year to 12,634 million yen. This decrease was mainly attributable to a decrease of 909 million yen in electronically recorded obligations-operating, which was partially offset by an increase of 528 million yen in notes and accounts payable-trade.

Non-current liabilities decreased 9 million yen from the end of the previous fiscal year to 658 million yen. This decrease was mainly attributable to a decrease of 30 million yen in deferred tax liabilities, coupled with an increase of 17 million yen in other.

As a result, total liabilities decreased 127 million yen from the end of the previous fiscal year to 13,293 million yen.

3) Net assets

Total net assets decreased 190 million yen from the end of the previous fiscal year to 33,728 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. For details of earnings forecasts, please refer to “Notice of Revisions to Earnings Forecasts” released today (August 9, 2022, Japanese version only).

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

(Millions of yen)

	Prior fiscal year (As of Mar. 31, 2022)	First quarter of current fiscal year (As of Jun. 30, 2022)
Assets		
Current assets		
Cash and deposits	13,729	12,205
Notes and accounts receivable-trade	5,661	5,371
Electronically recorded monetary claims-operating	1,236	1,263
Work in process	9,167	10,893
Raw materials and supplies	1,483	1,510
Other	1,005	848
Allowance for doubtful accounts	(7)	(7)
Total current assets	32,276	32,086
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,799	4,753
Machinery, equipment and vehicles, net	976	952
Land	2,812	2,812
Other, net	685	783
Total property, plant and equipment	9,272	9,301
Intangible assets		
Other	120	118
Total intangible assets	120	118
Investments and other assets		
Investment securities	3,560	3,246
Retirement benefit asset	465	470
Deferred tax assets	29	184
Other	1,614	1,614
Total investments and other assets	5,669	5,515
Total non-current assets	15,063	14,935
Total assets	47,340	47,021

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2022)	First quarter of current fiscal year (As of Jun. 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,579	2,107
Electronically recorded obligations-operating	2,839	1,929
Income taxes payable	555	113
Advances received	5,949	6,384
Provision for bonuses	519	393
Other	1,310	1,705
Total current liabilities	12,752	12,634
Non-current liabilities		
Deferred tax liabilities	286	255
Retirement benefit liability	12	16
Other	369	387
Total non-current liabilities	668	658
Total liabilities	13,420	13,293
Net assets		
Shareholders' equity		
Share capital	6,884	6,884
Capital surplus	2,535	2,535
Retained earnings	21,054	20,644
Treasury shares	(27)	(27)
Total shareholders' equity	30,447	30,037
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,298	986
Foreign currency translation adjustment	1,556	2,106
Remeasurements of defined benefit plans	351	329
Total accumulated other comprehensive income	3,206	3,421
Non-controlling interests	265	269
Total net assets	33,919	33,728
Total liabilities and net assets	47,340	47,021

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

(Millions of yen)

	First three months of prior fiscal year (Apr. 1, 2021 – Jun. 30, 2021)	First three months of current fiscal year (Apr. 1, 2022 – Jun. 30, 2022)
Net sales	5,531	4,407
Cost of sales	3,942	3,301
Gross profit	1,589	1,106
Selling, general and administrative expenses	1,028	1,116
Operating profit (loss)	561	(10)
Non-operating income		
Dividend income	17	33
Other	69	41
Total non-operating income	87	74
Non-operating expenses		
Foreign exchange losses	24	39
Other	7	12
Total non-operating expenses	32	51
Ordinary profit	615	12
Profit before income taxes	615	12
Income taxes-current	63	28
Income taxes-deferred	113	(49)
Total income taxes	176	(20)
Profit	438	33
Loss attributable to non-controlling interests	(4)	(8)
Profit attributable to owners of parent	443	41

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

	(Millions of yen)	
	First three months of prior fiscal year (Apr. 1, 2021 – Jun. 30, 2021)	First three months of current fiscal year (Apr. 1, 2022 – Jun. 30, 2022)
Profit	438	33
Other comprehensive income		
Valuation difference on available-for-sale securities	(10)	(312)
Foreign currency translation adjustment	97	561
Remeasurements of defined benefit plans, net of tax	(19)	(22)
Total other comprehensive income	67	227
Comprehensive income	506	260
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	512	257
Comprehensive income attributable to non-controlling interests	(5)	3

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

Not applicable.

Significant Changes in Shareholders' Equity

First three months of current fiscal year (Apr. 1, 2022 – Jun. 30, 2022)

Not applicable.

Changes in Accounting Policies

First three months of current fiscal year (Apr. 1, 2022 – Jun. 30, 2022)

Changes in Accounting Policies

NITTOKU applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan (ASBJ) Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment prescribed in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, NITTOKU decided to apply the new accounting policies prescribed by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively. There is no effect of this application on the quarterly consolidated financial statements.

Segment and Other Information

I. First three months of prior fiscal year (Apr. 1, 2021 – Jun. 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	5,186	345	5,531
Inter-segment sales and transfers	-	-	-
Total	5,186	345	5,531
Segment profit	613	129	742

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	742
Corporate expenses (Note)	(181)
Operating profit on the quarterly consolidated statement of income	561

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

II. First three months of current fiscal year (Apr. 1, 2022 – Jun. 30, 2022)

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	3,865	541	4,407
Inter-segment sales and transfers	-	-	-
Total	3,865	541	4,407
Segment profit	77	140	218

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	218
Corporate expenses (Note)	(228)
Operating loss on the quarterly consolidated statement of income	(10)

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

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.