

**Summary of Consolidated Financial Results for the Third Quarter
of the Fiscal Year Ending March 31, 2023
(Nine Months Ended December 31, 2022)**

[Japanese GAAP]

Company name: NITTOKU CO., LTD. Listing: Tokyo Stock Exchange
 Stock code: 6145 URL: <https://nittoku.co.jp>
 Representative: Nobushige Kondo, President
 Contact: Yumiko Fujita, Executive Officer, General Administration Division Executive General Manager
 Tel: +81-48-615-2109

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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, 2023 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, 2022

(Apr. 1, 2022 – Dec. 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	%
Nine months ended Dec. 31, 2022	21,436	19.6	1,974	27.0	2,101	23.6	1,441	14.4
Nine months ended Dec. 31, 2021	17,923	19.5	1,554	82.7	1,700	88.1	1,260	40.0

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2022: 1,403 (down 30.7%)

Nine months ended Dec. 31, 2021: 2,024 (up 20.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2022	79.78	–
Nine months ended Dec. 31, 2021	69.74	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2022	45,688	34,599	75.1
As of Mar. 31, 2022	47,340	33,919	71.1

Reference: Shareholders' equity (million yen) As of Dec. 31, 2022: 34,316

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	–	15.00	–		
Fiscal year ending Mar. 31, 2023 (forecast)				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
Full year	29,000	3.1	2,600	(9.9)	2,600	(14.2)	1,800	(22.0)	99.63

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 Dec. 31, 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 Dec. 31, 2022:	32,158 shares	As of Mar. 31, 2022:	31,887 shares
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 - 3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2022:	18,066,977 shares	Nine months ended Dec. 31, 2021:	18,067,119 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 nine months of the fiscal year ending March 31, 2023 (from April 1 through December 31, 2022), the global economy faced concerns such as rises in resources and energy prices, the disruption of the global supply chain, restricted production activities, and a shortage of resources, parts, and materials amid the prolonged conflict in Ukraine in addition to supply chain troubles due to the re-expansion of the COVID-19 and increasing downturn risks for the global economy associated with a global shift to tighter monetary policies.

Meanwhile, there is the risk of downward pressure being placed on the Japanese economy, caused by the slowdown in overseas economies against the backdrop of the tighter monetary policy resulting from the global inflationary pressure. The future has still remained uncertain amid the following concerns: soaring raw material prices, increasing import costs caused by the further depreciation of yen, rising costs of living, the influence of COVID-19 on personal consumption and corporate production activities, restricted supply, and the volatility of the financial and capital market.

The business environment surrounding the Group has been on the steady recovery from the COVID-19 pandemic on a global scale, with the manufacturing industry in part actively making capital investments, motivated by the strong 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 sales, production, and service provision operations to overseas branches to improve production efficiency. We also accelerated our efforts to implement production engineering on behalf of users in a bid to accurately meet the needs and wants of our users, as well as promoted collaboration and co-creation with users and suppliers.

In recent years, society requires firms to respond to SDGs and pursue ESG management. Thus, the Company provides users with production systems which enable them to save energy, materials, electricity and spaces and to achieve high productivity and safety to contribute to the global environment and the international society.

As a result of the above efforts, orders received on a non-consolidated basis for the first nine months of the fiscal year increased 17.7% year on year to 19,275 million yen. While non-consolidated net sales increased 28.7% year on year to 16,567 million yen, the order backlog on a non-consolidated basis decreased 2.3% year on year to 19,898 million yen.

As a result of the above, for the first nine months of the current fiscal year, the Group reported net sales of 21,436 million yen (up 19.6% year on year), operating profit of 1,974 million yen (up 27.0% year on year), ordinary profit of 2,101 million yen (up 23.6% year on year), and profit attributable to owners of parent of 1,441 million yen (up 14.4% year on year) on a consolidated basis.

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

Winding System & Mechatronics Business

The Company has continued building a business model of providing a production system that helps users to win over the competition in the global market. To this end, we have for years explored and sophisticated mechanical elemental technologies such as those for winding, tensioning, and handling. Also, we have developed our proprietary OS enabling the high-performance multi-axis synchronous control. Then, we have integrated those through a material handling system to make them a platform-based production system. As our business model is in essence to perform production engineering tasks on behalf of users, we have to promptly cater to individual users' diverse needs and wants and support their overseas activities for their sustainable growth. In doing so, we deep-dived into our existing business domains and continued to explore peripheral business domains in line with our Blue Lake strategy—a strategy to promote collaboration and co-creation with users and suppliers through open innovation.

Furthermore, to address various constraints amid the COVID-19 crisis, under the concept of local production for local consumption, we made strenuous 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.

As a result of the above, the Winding System & Mechatronics Business segment, which accounts for about 90% of the Group's total net sales, reported net sales of 19,339 million yen (up 14.8% year on year) and segment profit (operating profit) of 2,080 million yen (up 13.8% year on year) on a consolidated basis. On a non-consolidated basis, orders received increased to 17,486 million yen (up 18.3% year on year), while net sales increased to 14,470 million yen (up 22.7% year on year), and the order backlog at the end of the third quarter was 18,958 million yen (down 3.2% year on year).

Contactless IC Tag & Card Business

During the first nine months of current fiscal year, we received inquiries mainly for contactless IC cards and FA tags for production control systems. Thus, net sales of the contactless IC cards increased 72.2% year on year and net sales of FA tags for production control systems increased 180.4-fold year on year in response to increased needs of process control for FA lines.

As a result, net sales of the Contactless IC Tag & Card Business were 2,097 million yen (up 93.5% year on year) and segment profit (operating profit) was 555 million yen (up 68.8% year on year) on a consolidated basis. On a non-consolidated basis, orders received increased to 1,788 million yen (up 12.8% year on year), while net sales increased to 2,097 million yen (up 93.5% year on year), and the order backlog at the end of the third quarter was 939 million yen (up 22.1% year on year).

(2) Explanation of Financial Position

1) Assets

Current assets decreased 1,437 million yen from the end of the previous fiscal year to 30,839 million yen. This decrease was mainly attributable to decreases of 723 million yen in cash and deposits and 2,242 million yen in notes and accounts receivable-trade, which were partially offset by increases of 1,230 million yen in electronically recorded monetary claims-operating and 403 million yen in raw materials and supplies.

Non-current assets decreased 214 million yen from the end of the previous fiscal year to 14,848 million yen. This was mainly attributable to a decrease of 199 million yen in buildings and structures, net.

Consequently, total assets decreased 1,652 million yen from the end of the previous fiscal year to 45,688 million yen.

2) Liabilities

Current liabilities decreased 2,624 million yen from the end of the previous fiscal year to 10,128 million yen. This was mainly attributable to a decrease of 2,345 million yen in advances received.

Non-current liabilities increased 291 million yen from the end of the previous fiscal year to 959 million yen. This was mainly attributable to an increase of 255 million yen in deferred tax liabilities.

As a result, total liabilities decreased 2,332 million yen from the end of the previous fiscal year to 11,088 million yen.

3) Net assets

Total net assets increased 680 million yen from the end of the previous fiscal year to 34,599 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 maintained the full-year consolidated earnings forecast released on November 11, 2022.

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

(Millions of yen)

	Prior fiscal year (As of Mar. 31, 2022)	Third quarter of current fiscal year (As of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	13,729	13,005
Notes and accounts receivable-trade	5,661	3,419
Electronically recorded monetary claims-operating	1,236	2,466
Work in process	9,167	9,050
Raw materials and supplies	1,483	1,887
Other	1,005	1,016
Allowance for doubtful accounts	(7)	(7)
Total current assets	32,276	30,839
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,799	4,599
Machinery, equipment and vehicles, net	976	848
Land	2,812	2,803
Other, net	685	893
Total property, plant and equipment	9,272	9,144
Intangible assets		
Other	120	109
Total intangible assets	120	109
Investments and other assets		
Investment securities	3,560	3,460
Retirement benefit asset	465	482
Deferred tax assets	29	22
Other	1,614	1,630
Total investments and other assets	5,669	5,594
Total non-current assets	15,063	14,848
Total assets	47,340	45,688

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2022)	Third quarter of current fiscal year (As of Dec. 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,579	2,077
Electronically recorded obligations-operating	2,839	2,595
Income taxes payable	555	155
Advances received	5,949	3,603
Provision for bonuses	519	410
Other	1,310	1,285
Total current liabilities	12,752	10,128
Non-current liabilities		
Deferred tax liabilities	286	541
Retirement benefit liability	12	19
Other	369	398
Total non-current liabilities	668	959
Total liabilities	13,420	11,088
Net assets		
Shareholders' equity		
Share capital	6,884	6,884
Capital surplus	2,535	2,535
Retained earnings	21,054	21,773
Treasury shares	(27)	(28)
Total shareholders' equity	30,447	31,165
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,298	1,125
Foreign currency translation adjustment	1,556	1,739
Remeasurements of defined benefit plans	351	285
Total accumulated other comprehensive income	3,206	3,150
Non-controlling interests	265	283
Total net assets	33,919	34,599
Total liabilities and net assets	47,340	45,688

(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, 2021 – Dec. 31, 2021)	First nine months of current fiscal year (Apr. 1, 2022 – Dec. 31, 2022)
Net sales	17,923	21,436
Cost of sales	13,070	15,874
Gross profit	4,852	5,562
Selling, general and administrative expenses	3,298	3,587
Operating profit	1,554	1,974
Non-operating income		
Dividend income	39	60
Subsidy income	34	57
Other	159	82
Total non-operating income	232	199
Non-operating expenses		
Loss on retirement of non-current assets	5	36
Foreign exchange losses	56	–
Other	25	36
Total non-operating expenses	87	72
Ordinary profit	1,700	2,101
Extraordinary losses		
Loss on valuation of investment securities	–	52
Total extraordinary losses	–	52
Profit before income taxes	1,700	2,048
Income taxes-current	272	218
Income taxes-deferred	179	374
Total income taxes	451	592
Profit	1,248	1,456
Profit (loss) attributable to non-controlling interests	(11)	14
Profit attributable to owners of parent	1,260	1,441

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

(Millions of yen)

	First nine months of prior fiscal year (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of current fiscal year (Apr. 1, 2022 – Dec. 31, 2022)
Profit	1,248	1,456
Other comprehensive income		
Valuation difference on available-for-sale securities	433	(172)
Foreign currency translation adjustment	401	186
Remeasurements of defined benefit plans, net of tax	(58)	(66)
Total other comprehensive income	775	(52)
Comprehensive income	2,024	1,403
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,031	1,385
Comprehensive income attributable to non-controlling interests	(7)	18

(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, 2022 – Dec. 31, 2022)

Not applicable.

Changes in Accounting Policies

First nine months of current fiscal year (Apr. 1, 2022 – Dec. 31, 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 nine months of prior 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.

II. First nine months of current fiscal year (Apr. 1, 2022 – Dec. 31, 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	19,339	2,097	21,436
Inter-segment sales and transfers	–	–	–
Total	19,339	2,097	21,436
Segment profit	2,080	555	2,636

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	2,636
Corporate expenses (Note)	(661)
Operating profit on the quarterly consolidated statement of income	1,974

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.