

**Summary of Consolidated Financial Results for the First Quarter  
of the Fiscal Year Ending March 31, 2024  
(Three Months Ended June 30, 2023)**

**[Japanese GAAP]**

Company name: NITTOKU CO., LTD.	Listing: Tokyo Stock Exchange
Stock code: 6145	URL: <a href="https://nittoku.co.jp">https://nittoku.co.jp</a>
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Scheduled date of filing of Quarterly Report:	August 10, 2023
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 10, 2023, 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, 2023 (Apr. 1, 2023–Jun. 30, 2023)**

(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, 2023	4,195	(4.8)	9	–	72	455.9	17	(58.9)
Three months ended Jun. 30, 2022	4,407	(20.3)	(10)	–	12	(97.9)	41	(90.5)

Note: Comprehensive income (million yen)      Three months ended Jun. 30, 2023: 618 (up 137.1%)  
 Three months ended Jun. 30, 2022: 260 (down 48.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2023	0.96	–
Three months ended Jun. 30, 2022	2.32	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2023	50,546	36,372	71.4
As of Mar. 31, 2023	47,675	36,024	74.9

Reference: Shareholders' equity (million yen)      As of Jun. 30, 2023: 36,070      As of Mar. 31, 2023: 35,715

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2023	–	15.00	–	15.00	30.00
Fiscal year ending Mar. 31, 2024	–	–	–	–	–
Fiscal year ending Mar. 31, 2024 (forecast)	–	17.00	–	17.00	34.00

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

**3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023–March 31, 2024)**

(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	13,600	(12.6)	1,000	(24.6)	1,000	(28.9)	650	(30.1)	35.98
Full year	33,000	12.0	3,400	9.8	3,400	9.0	2,350	5.7	130.07

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: None
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting-based estimates: None
  - 4) Restatements: None
- (4) Number of issued shares (common stock)
- 1) Number of issued shares at the end of the period (including treasury shares)

As of Jun. 30, 2023:	18,098,923 shares	As of Mar. 31, 2023:	18,098,923 shares
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  - 2) Number of treasury shares at the end of the period

As of Jun. 30, 2023:	32,319 shares	As of Mar. 31, 2023:	32,246 shares
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  - 3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2023:	18,066,620 shares	Three months ended Jun. 30, 2022:	18,067,036 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, 2024 (from April 1 through June 30, 2023), despite the recovery being made in a moderate pace, the global economy continued to face challenges such as growing geopolitical risks and rises in resources and energy prices amid the prolonged conflict in Ukraine in addition to the continued high inflation rate especially in the U.S. and Europe and the concerns over the impact of downward pressure on economy driven by the tight monetary policies intended to respond to the inflation, etc.

Meanwhile, the Japanese economic horizons still remained unclear amid the following concerns: soaring raw material and energy prices, increasing import costs caused by the further depreciation of yen, rising costs of living, restricted supply, and impacts on the economy due to changes in the global financial conditions and growing uncertainty caused by the conflict in Ukraine and other factors.

The business environment surrounding the Group saw steady capital investments motivated by the strong needs for automating, sophisticating, and improving the quality of manufacturing production systems such as for addressing the shortage of labor and the digital related investments, etc. This was partly thanks to the boost provided by the accommodative financial conditions along with the mitigation of impacts of restricted supply, etc. while the global trend toward carbon emissions reduction has continued in the automobile industry. 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 transferring 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 promoting collaboration and co-creation with users and suppliers.

In recent years, the 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 ultimately contribute to the global environment and the international community.

Under the above-mentioned circumstances, for the first three months of the current fiscal year, due to the impact of timing of sales attributable to the build-to-order production, etc., the Group recorded net sales of 4,195 million yen (down 4.8% year on year), operating profit of 9 million yen (compared to operating loss of 10 million yen for the same period of the previous fiscal year), ordinary profit of 72 million yen (up 455.9% year on year), and profit attributable to owners of parent of 17 million yen (down 58.9% year on year).

In these business environment, results by business segment were as follows.

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

The Company has continued developing 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 developed the mechanical elemental technologies such as those for winding, tensioning, and handling as well as our proprietary OS enabling the high-performance multi-axis synchronous control. We have integrated those through a material handling system to make them a platform-based production system. We must promptly cater to individual users' unique and diverse needs and wants. In doing so, we deep-dived into our existing business domains and continued to explore peripheral business domains by globally promoting our Blue Lake strategy—a strategy to promote collaboration and co-creation with users and suppliers through open innovation. As a result of these efforts, both orders received and net sales have been expanding primarily from the mobility industry.

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 84% of the Group's total net sales, reported net sales of 3,533 million yen (down 8.6% year on year) and segment profit (operating profit) of 35 million yen (down 54.6% year on year) on a consolidated basis.

On a non-consolidated basis, orders received decreased to 5,100 million yen (down 18.0% year on year), net sales decreased to 2,641 million yen (down 3.4% year on year), and the order backlog at the end of the first quarter increased to 22,395 million yen (up 15.3% year on year). This was due to the impacts of customers remaining cautious in making investments in large production lines amid the unstable international situation despite the strong motivation for investments in automation in the manufacturing industry.

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

During the first three months of the current fiscal year, we received inquiries mainly for contactless IC cards and FA tags for production control systems. As a result, net sales of the contactless IC cards increased 12.2% year on year and net sales of FA tags for production control systems soared 44.4% year on year backed by increased needs for process control in FA lines.

As a result, net sales of the Contactless IC Tag & Card Business came in at 661 million yen (up 22.1% year on year) and segment profit (operating profit) came in at 225 million yen (up 60.2% year on year) on a consolidated basis. On a non-consolidated basis, orders received increased to 505 million yen (up 5.9% year on year), net sales increased to 661 million yen (up 22.1% year on year), and the order backlog at the end of the first quarter decreased to 815 million yen (down 31.1% year on year).

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

### 1) Assets

Current assets increased 1,917 million yen from the end of the previous fiscal year to 34,019 million yen. This was mainly attributable to an increase of 2,907 million yen in work in process, which was partially offset by a decrease of 989 million yen in notes and accounts receivable-trade.

Non-current assets increased 953 million yen from the end of the previous fiscal year to 16,527 million yen. This was mainly attributable to an increase of 620 million yen in investment securities.

As a result, total assets increased 2,871 million yen from the end of the previous fiscal year to 50,546 million yen.

### 2) Liabilities

Current liabilities increased 2,263 million yen from the end of the previous fiscal year to 12,735 million yen. This was mainly attributable to an increase of 1,532 million yen in contract liabilities.

Non-current liabilities increased 260 million yen from the end of the previous fiscal year to 1,439 million yen. This was mainly attributable to an increase of 102 million yen in deferred tax liabilities.

Consequently, total liabilities increased 2,523 million yen from the end of the previous fiscal year to 14,174 million yen.

### 3) Net assets

Total net assets increased 347 million yen from the end of the previous fiscal year to 36,372 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 May 12, 2023.

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

(Millions of yen)

	Prior fiscal year (As of Mar. 31, 2023)	First quarter of current fiscal year (As of Jun. 30, 2023)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	13,842	13,412
Notes and accounts receivable-trade	4,975	3,986
Electronically recorded monetary claims-operating	1,756	1,783
Work in process	8,753	11,661
Raw materials and supplies	1,950	2,239
Other	833	945
Allowance for doubtful accounts	(9)	(8)
<b>Total current assets</b>	<b>32,102</b>	<b>34,019</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	4,549	4,927
Machinery, equipment and vehicles, net	869	882
Land	2,803	2,803
Other, net	742	645
<b>Total property, plant and equipment</b>	<b>8,964</b>	<b>9,259</b>
<b>Intangible assets</b>		
Other	114	125
<b>Total intangible assets</b>	<b>114</b>	<b>125</b>
<b>Investments and other assets</b>		
Investment securities	4,113	4,734
Retirement benefit asset	568	569
Deferred tax assets	47	42
Other	1,764	1,794
<b>Total investments and other assets</b>	<b>6,494</b>	<b>7,141</b>
<b>Total non-current assets</b>	<b>15,573</b>	<b>16,527</b>
<b>Total assets</b>	<b>47,675</b>	<b>50,546</b>

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2023)	First quarter of current fiscal year (As of Jun. 30, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,890	2,390
Electronically recorded obligations-operating	2,623	2,636
Income taxes payable	197	118
Contract liabilities	3,785	5,317
Provision for bonuses	630	452
Other	1,344	1,819
<b>Total current liabilities</b>	10,472	12,735
<b>Non-current liabilities</b>		
Deferred tax liabilities	702	805
Retirement benefit liability	19	1
Other	455	632
<b>Total non-current liabilities</b>	1,178	1,439
<b>Total liabilities</b>	11,650	14,174
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	6,884	6,884
Capital surplus	2,535	2,535
Retained earnings	22,555	22,302
Treasury shares	(28)	(28)
<b>Total shareholders' equity</b>	31,948	31,694
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,575	1,807
Foreign currency translation adjustment	1,873	2,275
Remeasurements of defined benefit plans	319	293
<b>Total accumulated other comprehensive income</b>	3,767	4,376
<b>Non-controlling interests</b>	309	301
<b>Total net assets</b>	36,024	36,372
<b>Total liabilities and net assets</b>	47,675	50,546

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

	(Millions of yen)	
	First three months of prior fiscal year (Apr. 1, 2022–Jun. 30, 2022)	First three months of current fiscal year (Apr. 1, 2023–Jun. 30, 2023)
Net sales	4,407	4,195
Cost of sales	3,301	2,905
Gross profit	1,106	1,290
Selling, general and administrative expenses	1,116	1,280
Operating profit (loss)	(10)	9
Non-operating income		
Interest income	10	25
Dividend income	33	33
Other	30	27
Total non-operating income	74	86
Non-operating expenses		
Interest expenses	3	5
Foreign exchange losses	39	9
Other	8	9
Total non-operating expenses	51	24
Ordinary profit	12	72
Profit before income taxes	12	72
Income taxes-current	28	29
Income taxes-deferred	(49)	41
Total income taxes	(20)	70
Profit	33	1
Loss attributable to non-controlling interests	(8)	(15)
Profit attributable to owners of parent	41	17



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

(Millions of yen)

	First three months of prior fiscal year (Apr. 1, 2022–Jun. 30, 2022)	First three months of current fiscal year (Apr. 1, 2023–Jun. 30, 2023)
Profit	33	1
Other comprehensive income		
Valuation difference on available-for-sale securities	(312)	231
Foreign currency translation adjustment	561	410
Remeasurements of defined benefit plans, net of tax	(22)	(25)
Total other comprehensive income	227	617
Comprehensive income	260	618
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	257	625
Comprehensive income attributable to non-controlling interests	3	(7)

**(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, 2023–Jun. 30, 2023)

Not applicable.

**Segment and Other Information**

I. First three months of prior 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.

II. First three months of current fiscal year (Apr. 1, 2023 – Jun. 30, 2023)

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	3,533	661	4,195
Inter-segment sales and transfers	–	–	–
Total	3,533	661	4,195
Segment profit	35	225	260

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	260
Corporate expenses (Note)	(251)
Operating profit on the quarterly consolidated statement of income	9

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.*