

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

As of Dec. 31, 2023:	32,488 shares	As of Mar. 31, 2023:	32,246 shares
----------------------	---------------	----------------------	---------------
 - 3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2023:	18,066,511 shares	Nine months ended Dec. 31, 2022:	18,066,977 shares
----------------------------------	-------------------	----------------------------------	-------------------

* The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information currently available to the Company's management at the time the materials were prepared. As such, they do not constitute an assurance that the Company promises to achieve the future performance. Actual results may differ significantly from these forecasts for a number of reasons. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 3 of the attachments "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements."

Contents of Attachments

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

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, 2024 (from April 1 through December 31, 2023), the global economy saw slowdown in recovery and faced great uncertainties against the backdrop of growing geopolitical risks related to the situation in Ukraine, the Middle East, and China, rises in resources and energy prices, the remaining global inflationary pressures, and the concerns over the impact of downward pressure on economy driven by the tight monetary policies intended to respond to the inflation, etc.

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 as along with investments to address the shortage of labor, the digital related investments, investments in research and developments for growth areas and carbon emissions reduction, and investments aimed at strengthening supply chain. This was partly thanks to the boost provided by private demand supported by the accommodative financial conditions while the global trend toward carbon emissions reduction has continued in the automobile industry.

Through the development of global human resources, the Company has improved its sales, production, and service operations at overseas branches. 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, 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 nine months of the current fiscal year, orders received decreased 13.1% year on year to 16,757 million yen on a non-consolidated basis. This was partly due to the impacts of customers continuously 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. While non-consolidated net sales decreased 15.5% year on year to 14,003 million yen, the order backlog on a non-consolidated basis increased 18.9% year on year to 23,661 million yen (record high).

As a result of the above, for the first nine months of the current fiscal year, the Group reported net sales of 19,338 million yen (down 9.8% year on year), operating profit of 1,991 million yen (up 0.9% year on year), ordinary profit of 2,115 million yen (up 0.7% year on year), and profit attributable to owners of parent of 1,349 million yen (down 6.4% year on year) on a consolidated basis.

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

Winding System & Mechatronics Business

The Company has pursued a business model of providing a production system that helps users improve their competitive advantage in the global market. To this end, we offer a system that integrates multiple processes such as coil winding, handling, assembly, and inspection through a transfer system and that enables high-performance multi-axis synchronous control through the use of our proprietary OS. 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.

In recent years, with the rapid progress of digitalization, devices and tools have become more sophisticated and advanced. In this business, the Company has transformed itself from conventional “production facility manufacturer” to “line builder.” This involves providing technologies and ideas to the design and building of overall production systems of users as well as contributing to the production efficiency and quality improvements for the entire process, including the pre-and post-process of coil winding. Due to the expansion and complexity of production systems, orders for projects that are expensive and include many new elements have increased recently. This has led to the need to reconsider profitability. However, during the fiscal year under review, we were able to ensure profits that exceed the forecast for these projects by accumulating technical know-how, thoroughly sharing the detailed terms and conditions of orders received, improving product efficiency, reducing costs, and increasing

value added. In addition, the impacts of the exchange rate for the foreign denominated projects worked in our favor. 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 17,365 million yen (down 10.2% year on year) and segment profit (operating profit) of 2,074 million yen (down 0.3% year on year) on a consolidated basis. On a non-consolidated basis, orders received decreased to 15,226 million yen (down 12.9% year on year), net sales decreased to 12,030 million yen (down 16.9% year on year), and the order backlog at the end of the third quarter increased to 23,133 million yen (up 22.0% year on year).

Contactless IC Tag & Card Business

During the first nine months of the current fiscal year, net sales of contactless IC cards and battery tags for production management systems remained steady. Meanwhile, net sales of FA tags, which are used to manage production lines other than batteries, was coming to a halt during the period under review compared with the same period last year.

As a result, net sales of the Contactless IC Tag & Card Business came in at 1,973 million yen (down 5.9% year on year) and segment profit (operating profit) came in at 681 million yen (up 22.6% year on year) on a consolidated basis. On a non-consolidated basis, orders received decreased to 1,530 million yen (down 14.4% year on year), net sales decreased to 1,973 million yen (down 5.9% year on year), and the order backlog at the end of the third quarter decreased to 528 million yen (down 43.8% year on year).

(2) Explanation of Financial Position

1) Assets

Current assets increased 3,193 million yen from the end of the previous fiscal year to 35,296 million yen. This was mainly attributable to an increase of 4,741 million yen in work in process, which was partially offset by a decrease of 1,850 million yen in cash and deposits.

Non-current assets increased 1,501 million yen from the end of the previous fiscal year to 17,074 million yen. This was mainly attributable to an increase of 769 million yen in investment securities.

As a result, total assets increased 4,695 million yen from the end of the previous fiscal year to 52,371 million yen.

2) Liabilities

Current liabilities increased 3,004 million yen from the end of the previous fiscal year to 13,477 million yen. This was mainly attributable to an increase of 2,927 million yen in contract liabilities.

Non-current liabilities increased 186 million yen from the end of the previous fiscal year to 1,365 million yen. This was mainly attributable to an increase of 172 million yen in deferred tax liabilities.

Consequently, total liabilities increased 3,191 million yen from the end of the previous fiscal year to 14,842 million yen.

3) Net assets

Total net assets increased 1,503 million yen from the end of the previous fiscal year to 37,528 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. Please refer to the "Notice of Revision of Consolidated and Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024" announced today (on February 9, 2024, Japanese version only).

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

(Millions of yen)

	Prior fiscal year (As of Mar. 31, 2023)	Third quarter of current fiscal year (As of Dec. 31, 2023)
Assets		
Current assets		
Cash and deposits	13,842	11,991
Notes and accounts receivable-trade	4,975	4,980
Electronically recorded monetary claims-operating	1,756	1,667
Work in process	8,753	13,494
Raw materials and supplies	1,950	2,442
Other	833	786
Allowance for doubtful accounts	(9)	(66)
Total current assets	32,102	35,296
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,549	4,840
Machinery, equipment and vehicles, net	869	988
Land	2,803	2,804
Other, net	742	682
Total property, plant and equipment	8,964	9,316
Intangible assets		
Other	114	173
Total intangible assets	114	173
Investments and other assets		
Investment securities	4,113	4,883
Retirement benefit asset	568	573
Deferred tax assets	47	49
Other	1,764	2,078
Total investments and other assets	6,494	7,584
Total non-current assets	15,573	17,074
Total assets	47,675	52,371

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2023)	Third quarter of current fiscal year (As of Dec. 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,890	1,858
Electronically recorded obligations-operating	2,623	2,385
Income taxes payable	197	568
Contract liabilities	3,785	6,713
Provision for bonuses	630	419
Other	1,344	1,531
Total current liabilities	10,472	13,477
Non-current liabilities		
Deferred tax liabilities	702	874
Retirement benefit liability	19	1
Other	455	490
Total non-current liabilities	1,178	1,365
Total liabilities	11,650	14,842
Net assets		
Shareholders' equity		
Share capital	6,884	6,884
Capital surplus	2,535	2,528
Retained earnings	22,555	23,327
Treasury shares	(28)	(29)
Total shareholders' equity	31,948	32,711
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,575	1,925
Foreign currency translation adjustment	1,873	2,310
Remeasurements of defined benefit plans	319	242
Total accumulated other comprehensive income	3,767	4,479
Non-controlling interests	309	337
Total net assets	36,024	37,528
Total liabilities and net assets	47,675	52,371

(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, 2022–Dec. 31, 2022)	First nine months of current fiscal year (Apr. 1, 2023–Dec. 31, 2023)
Net sales	21,436	19,338
Cost of sales	15,874	13,088
Gross profit	5,562	6,250
Selling, general and administrative expenses	3,587	4,258
Operating profit	1,974	1,991
Non-operating income		
Interest income	31	64
Dividend income	60	61
Other	107	90
Total non-operating income	199	216
Non-operating expenses		
Interest expenses	10	25
Foreign exchange losses	–	43
Other	62	23
Total non-operating expenses	72	92
Ordinary profit	2,101	2,115
Extraordinary losses		
Loss on valuation of investment securities	52	–
Total extraordinary losses	52	–
Profit before income taxes	2,048	2,115
Income taxes-current	218	695
Income taxes-deferred	374	73
Total income taxes	592	769
Profit	1,456	1,345
Profit (loss) attributable to non-controlling interests	14	(4)
Profit attributable to owners of parent	1,441	1,349

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

(Millions of yen)

	First nine months of prior fiscal year (Apr. 1, 2022–Dec. 31, 2022)	First nine months of current fiscal year (Apr. 1, 2023–Dec. 31, 2023)
Profit	1,456	1,345
Other comprehensive income		
Valuation difference on available-for-sale securities	(172)	350
Foreign currency translation adjustment	186	453
Remeasurements of defined benefit plans, net of tax	(66)	(76)
Total other comprehensive income	(52)	727
Comprehensive income	1,403	2,072
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,385	2,060
Comprehensive income attributable to non-controlling interests	18	11

(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, 2023–Dec. 31, 2023)

Not applicable.

Segment and Other Information

I. First nine months of prior 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.

II. First nine months of current fiscal year (Apr. 1, 2023–Dec. 31, 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	17,365	1,973	19,338
Inter-segment sales and transfers	–	–	–
Total	17,365	1,973	19,338
Segment profit	2,074	681	2,755

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	2,755
Corporate expenses (Note)	(763)
Operating profit on the quarterly consolidated statement of income	1,991

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.