

Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (Three Months Ended June 30, 2024)

[Japanese GAAP]

Company name: NITTOKU CO., LTD. Listing: Tokyo Stock Exchange
 Stock code: 6145 URL: <https://nittoku.co.jp/english/>
 Representative: Sumito Sasazawa, President (CEO)
 Contact: Yumiko Fujita, Director, General Administration Division Executive General Manager
 Tel: +81-48-615-2109
 Scheduled date of payment of dividend: –
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: None

Note: The original disclosure in Japanese was released on August 9, 2024, at 17:20 (GMT +9).

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

1. Consolidated Financial Results for the First Quarter Ended June 30, 2024 (April 1, 2024–June 30, 2024)

(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, 2024	4,319	3.0	(611)	–	(484)	–	(345)	–
Three months ended Jun. 30, 2023	4,195	(4.8)	9	–	72	455.9	17	(58.9)

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2024: 162 (down 73.8%)
 Three months ended Jun. 30, 2023: 618 (up 137.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2024	(19.15)	–
Three months ended Jun. 30, 2023	0.96	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2024	63,246	39,625	62.1
As of Mar. 31, 2024	56,785	39,770	69.4

Reference: Shareholders' equity (million yen) As of Jun. 30, 2024: 39,275 As of Mar. 31, 2024: 39,420

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	–	17.00	–	17.00	34.00
Fiscal year ending Mar. 31, 2025	–	–	–	–	–
Fiscal year ending Mar. 31, 2025 (forecast)	–	21.00	–	21.00	42.00

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

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024–March 31, 2025)

(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	2.6	10	(99.4)	20	(98.8)	190	(82.8)	10.52
Full year	34,000	10.4	2,550	(38.8)	2,550	(40.4)	1,900	(30.8)	105.17

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

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly added: 3 companies

(Astecnos Co., Ltd., API Hard- & Software GmbH, and Astecnos America Corporation)

Excluded: —

(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 to accounting standards and other regulations: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: For more information, please refer to page 9 of the attachments “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies).”

(4) Number of issued shares (common stock)

1) Total number of shares issued at the end of the period (including treasury shares)

As of Jun. 30, 2024:	18,098,923 shares	As of Mar. 31, 2024:	18,098,923 shares
----------------------	-------------------	----------------------	-------------------

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

As of Jun. 30, 2024:	32,575 shares	As of Mar. 31, 2024:	32,575 shares
----------------------	---------------	----------------------	---------------

3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2024:	18,066,348 shares	Three months ended Jun. 30, 2023:	18,066,620 shares
-----------------------------------	-------------------	-----------------------------------	-------------------

* Review of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper 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, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements.”

Contents of Attachments

1. Overview of Results of Operations	2
(1) Overview of Results of Operations for the Period under Review	2
(2) Overview of Financial Position for the Period under Review	3
(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Notes to Quarterly Consolidated Financial Statements	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
Changes in Accounting Policies	9
Segment and Other Information	10
Notes to Statement of Cash Flows	11
Revenue Recognition	11

1. Overview of Results of Operations

(1) Overview of Results of Operations for the Period under Review

During the first three months of the fiscal year ending March 31, 2025 (from April 1 through June 30, 2024), the global economy continued to face great uncertainties against the following backdrop: geopolitical risks such as the situations in Ukraine and the Middle East; adjustment pressures in the labor and real estate markets in China; and an impact of resources and energy prices.

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 investments to address the shortage of labor, the digital-related investments, investments in research and developments for growth areas and carbon emissions reduction, investments aimed at strengthening supply chain, and capital investment for electrical equipment and safety in the automotive industry. This was partly thanks to the boost provided by private demand supported by the accommodative financial conditions.

The Group provides technologies and ideas to the design and building of overall production systems of users as “line builder” that ensures the production efficiency and quality improvements for production lines of each user. In addition, we are working to secure superior ready-to-work human resources in niche industries through a “satellite strategy” aimed at securing ready-to-work human resources, such as by opening technical centers in locations where we can gather the human resources we wish to hire.

In April 2024, Astecnos Co., Ltd., a company that designs and manufactures specialized automation machines, became our subsidiary in Japan. In Europe, API Hard- & Software GmbH, a manufacturer of electrical measurement and testing systems, became a subsidiary of our European subsidiary. Through these actions, we are promoting our “M&A strategy,” integrating companies with advanced technological know-how, and actively expanding our business and operations with the synergy effects associated with these M&As. To secure production capacity for large-scale projects, we have been securing production space and personnel by establishing a new factory in Ehime Prefecture, opening technical centers in Tottori and Shiga Prefectures, and preparing to open a factory in Miyagi Prefecture, thus strengthening inquiries, estimates, and order-taking activities.

In response to the recent social requirement that firms respond to SDGs and pursue ESG management, the Company provides users with production systems which enable them to save energy, materials, electricity, and spaces and to achieve high productivity and safety. We are also working at IMD Co., Ltd., our affiliate, on the research of motors without insulating media that enables the reduction of motor waste, and at the Company on the research of production systems for such motors. Through these activities, we are striving for contribution to the preservation of the global environment and for contribution to the international community.

The Group is working with users to develop cutting-edge equipment for their automation projects involving new products in response to new technological innovations, mainly in the mobility industry. These projects are also becoming larger in scale and longer in delivery time than in the past. In the previous period, we had many repeated projects, and our revenue grew significantly due to the implementation of digital transformation and various other productivity improvement measures. In the first three months of the current fiscal year, however, a large percentage of projects involved the elements of new development (evolution and change of user-developed products). Such projects require more time to respond to specification changes and quality adjustments, additional costs to meet acceptance inspection conditions, and modifications after delivery, which resulted in several events of prolonged delivery times and additional costs. In some cases, in the period under review, user requirements became more sophisticated in the course of inquiries and prototyping, and in order to secure technological elements, we were unable to pass on the increased cost. Nevertheless, we have determined that it is necessary to achieve such projects as part of our medium-term technology development strategy. Partly due also to increased selling, general and administrative expenses such as personnel expenses associated with an increase in the number of employees, profits in the first three months of the current fiscal year decreased year on year. It is noted that we believe that these projects will lead to repeat orders.

Under the above-mentioned circumstances, for the first three months of the current fiscal year, the Group recorded net sales of 4,319 million yen (up 3.0% year on year), operating loss of 611 million yen (compared to operating profit of 9 million yen for the same period of the previous fiscal year), ordinary loss of 484 million yen (compared to ordinary profit of 72 million yen for the same period of the previous fiscal year), and loss attributable to owners

of parent of 345 million yen (compared to profit attributable to owners of parent of 17 million yen for the same period of the previous fiscal year).

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

Winding System & Mechatronics Business

The Group 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 provide a variety of production line construction by means of production systems that enable high-performance multi-axis synchronous control through the use of our proprietary OS, based on the technology to integrate multiple processes such as coil winding, handling, assembly, and inspection through a transfer system. We must promptly cater to individual users' unique and diverse needs and wants. In doing so, we are striving to raise the barriers to entry for competitors and further improve our competitiveness and market presence by globally promoting our Black Ocean strategy—a strategy to promote collaboration and co-creation with users and suppliers through open innovation in niche areas. As a result of such efforts, the Company has expanded its capabilities in the mechatronics business into areas not involving a coil winding process, such as handler equipment for the semiconductor industry, winders for the battery industry, and the construction of assembly lines for capacitors and modules for the automotive industry.

In recent years, with the rapid progress of digitalization, devices and tools have become more sophisticated and advanced. In this business, the Group has successfully transformed itself from a conventional “production facility manufacturer” to a “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.

As mentioned above, profits decreased year on year during the first three months of the current fiscal year, partly due to the prolonged delivery period associated with new development activities, several cost-intensive events, and an increase in selling, general and administrative expenses.

As a result of the above, the Winding System & Mechatronics Business segment, which accounts for about 91% of the Group's total net sales, reported net sales of 3,909 million yen (up 10.6% year on year) and segment loss (operating loss) of 449 million yen (compared to segment profit (operating profit) of 35 million yen for the same period of the previous fiscal year) on a consolidated basis.

On a non-consolidated basis, orders received decreased to 4,881 million yen (down 4.3% year on year), net sales decreased to 1,963 million yen (down 25.6% year on year), and the order backlog at the end of the first quarter decreased to 21,498 million yen (down 4.0% year on year).

Contactless IC Tag & Card Business

During the first three months of the current fiscal year, net sales of contactless IC cards remained steady. Meanwhile, net sales of FA tags and battery tags, which are used to manage production lines, decreased year on year due to the effects of tag inventories that users had arranged in advance when semiconductors were in short supply.

As a result, net sales of the Contactless IC Tag & Card Business came in at 409 million yen (down 38.1% year on year) and segment profit (operating profit) came in at 103 million yen (down 54.3% year on year) on a consolidated basis. On a non-consolidated basis, orders received decreased to 368 million yen (down 27.2% year on year), net sales decreased to 409 million yen (down 38.1% year on year), and the order backlog at the end of the first quarter decreased to 552 million yen (down 32.3% year on year).

(2) Overview of Financial Position for the Period under Review

1) Assets

Current assets increased 3,229 million yen from the end of the previous fiscal year to 42,423 million yen. This was mainly attributable to increases of 4,323 million yen in work in process, 1,055 million yen in cash and deposits, and 462 million yen in electronically recorded monetary claims-operating, which was partially offset by a decrease of 3,240 million yen in notes and accounts receivable-trade.

Non-current assets increased 3,231 million yen from the end of the previous fiscal year to 20,822 million yen. This was mainly attributable to increases of 1,543 million yen in buildings and structures, net and 1,028 million yen in land.

As a result, total assets increased 6,460 million yen from the end of the previous fiscal year to 63,246 million yen.

2) Liabilities

Current liabilities increased 4,844 million yen from the end of the previous fiscal year to 18,367 million yen. This was mainly attributable to increases of 2,601 million yen in contract liabilities, 950 million yen in current portion of long-term borrowings, and 837 million yen in electronically recorded obligations-operating.

Non-current liabilities increased 1,761 million yen from the end of the previous fiscal year to 5,253 million yen. This was mainly attributable to an increase of 1,711 million yen in long-term borrowings.

Consequently, total liabilities increased 6,605 million yen from the end of the previous fiscal year to 23,620 million yen.

3) Net assets

Total net assets decreased 144 million yen from the end of the previous fiscal year to 39,625 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 Earnings Forecasts for the Fiscal Year Ending March 31, 2025” announced today (on August 9, 2024; 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, 2024)	First quarter of current fiscal year (As of Jun. 30, 2024)
Assets		
Current assets		
Cash and deposits	15,028	16,083
Notes and accounts receivable-trade	6,910	3,670
Electronically recorded monetary claims-operating	2,514	2,977
Securities	301	320
Work in process	11,094	15,417
Raw materials and supplies	2,702	2,647
Other	713	1,418
Allowance for doubtful accounts	(72)	(111)
Total current assets	39,193	42,423
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,132	6,676
Machinery, equipment and vehicles, net	1,039	1,112
Land	2,811	3,839
Other, net	700	741
Total property, plant and equipment	9,683	12,369
Intangible assets		
Goodwill	–	251
Other	181	226
Total intangible assets	181	477
Investments and other assets		
Investment securities	4,991	5,146
Retirement benefit asset	681	685
Deferred tax assets	46	171
Other	2,006	1,971
Total investments and other assets	7,726	7,975
Total non-current assets	17,591	20,822
Total assets	56,785	63,246

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2024)	First quarter of current fiscal year (As of Jun. 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,913	2,447
Electronically recorded obligations-operating	2,105	2,942
Income taxes payable	1,201	197
Contract liabilities	5,450	8,052
Provision for bonuses	722	396
Current portion of long-term borrowings	399	1,349
Other	1,730	2,980
Total current liabilities	13,523	18,367
Non-current liabilities		
Long-term borrowings	1,584	3,296
Retirement benefit liability	1	3
Deferred tax liabilities	1,186	1,372
Other	719	581
Total non-current liabilities	3,491	5,253
Total liabilities	17,014	23,620
Net assets		
Shareholders' equity		
Share capital	6,884	6,884
Capital surplus	2,528	2,528
Retained earnings	24,722	24,069
Treasury shares	(29)	(29)
Total shareholders' equity	34,106	33,453
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,178	2,271
Foreign currency translation adjustment	2,846	3,287
Remeasurements of defined benefit plans	289	263
Total accumulated other comprehensive income	5,314	5,822
Non-controlling interests	349	349
Total net assets	39,770	39,625
Total liabilities and net assets	56,785	63,246

(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, 2023–Jun. 30, 2023)	First three months of current fiscal year (Apr. 1, 2024–Jun. 30, 2024)
Net sales	4,195	4,319
Cost of sales	2,905	3,290
Gross profit	1,290	1,028
Selling, general and administrative expenses	1,280	1,640
Operating profit (loss)	9	(611)
Non-operating income		
Foreign exchange gains	—	33
Insurance claim income	—	40
Other	86	73
Total non-operating income	86	146
Non-operating expenses		
Interest expenses	5	15
Other	18	4
Total non-operating expenses	24	19
Ordinary profit (loss)	72	(484)
Profit (loss) before income taxes	72	(484)
Income taxes-current	29	46
Income taxes-deferred	41	(172)
Total income taxes	70	(125)
Profit (loss)	1	(359)
Loss attributable to non-controlling interests	(15)	(13)
Profit (loss) attributable to owners of parent	17	(345)

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

	(Millions of yen)	
	First three months of prior fiscal year (Apr. 1, 2023–Jun. 30, 2023)	First three months of current fiscal year (Apr. 1, 2024–Jun. 30, 2024)
Profit (loss)	1	(359)
Other comprehensive income		
Valuation difference on available-for-sale securities	231	93
Foreign currency translation adjustment	410	454
Remeasurements of defined benefit plans, net of tax	(25)	(26)
Total other comprehensive income	617	521
Comprehensive income	618	162
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	625	162
Comprehensive income attributable to non-controlling interests	(7)	0

(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, 2024–Jun. 30, 2024)

Not applicable.

Changes in Accounting Policies

(Application of the accounting standards for current income taxes)

The Company has applied the revised “Accounting Standard for Current Income Taxes, etc.” (Accounting Standard Board of Japan (“ASBJ”) Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standard”), “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, October 28, 2022), and “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022) from the beginning of the first quarter of current fiscal year.

Previously, the Company had recorded corporate tax, inhabitant tax, enterprise tax, etc. on income and other items (hereinafter referred to as “income taxes”) in profit or loss in the amount calculated in accordance with laws and regulations. However, the Company has decided to record income taxes on income separately in profit or loss, shareholder’s equity, and other comprehensive income according to the transactions, etc. that generate the income taxes. With regard to income taxes recorded in other comprehensive income, the Company has decided to record the corresponding tax amount when the transactions, etc. that cause the income taxes to be imposed are recorded in profit or loss. If the transactions subject to tax are related to shareholders’ equity or other comprehensive income in addition to profit or loss but it is difficult to calculate the amount of income taxes imposed on shareholders’ equity or other comprehensive income, the amount of such taxes is recorded in profit or loss.

Revisions regarding the classification of income taxes are in accordance with the transitional treatment stipulated in the proviso to Article 20-3 of the 2022 Revised Accounting Standard.

The effect of this change in accounting policy on the quarterly consolidated financial statements is immaterial.

Segment and Other Information**I. First three months of prior 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.

II. First three months of current fiscal year (Apr. 1, 2024–Jun. 30, 2024)**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	3,909	409	4,319
Inter-segment sales and transfers	–	–	–
Total	3,909	409	4,319
Segment profit (loss)	(449)	103	(346)

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	(346)
Corporate expenses (Note)	(264)
Operating profit (loss) on the quarterly consolidated statement of income	(611)

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

3. Information related to impairment of non-current assets or goodwill, etc. for each reportable segment (Significant changes in the amount of goodwill)

During the first quarter of current fiscal year, the Company acquired the shares of Astecnos Co., Ltd. and API Hard- & Software GmbH, which are included in the scope of consolidation. As a result, goodwill of 131 million yen for Astecnos Co., Ltd. and 133 million yen for API Hard- & Software GmbH were recorded in the Winding System & Mechatronics Business.

Notes to Statement of Cash Flows

Quarterly consolidated statement of cash flows has not been prepared for the first three months of the current fiscal year. Depreciation (including amortization for intangible assets except goodwill) and amortization for goodwill for the first three months of the current fiscal year are as follows.

	(Millions of yen)	
	First three months of previous fiscal year (Apr. 1, 2023–Jun. 30, 2023)	First three months of current fiscal year (Apr. 1, 2024–Jun. 30, 2024)
Depreciation	228	268
Amortization of goodwill	–	13

Revenue Recognition

Disaggregated information of revenue from contracts with customers

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

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Japan	1,661	661	2,322
China	574	–	574
Asia	552	–	552
America	313	–	313
Europe	432	–	432
Revenue from contracts with customers	3,533	661	4,195
Other revenue	–	–	–
External sales	3,533	661	4,195

Note: Net sales are classified by market based on the location of customers.

First three months of current fiscal year (Apr. 1, 2024–Jun. 30, 2024)

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Japan	1,726	409	2,135
China	796	–	796
Asia	632	–	632
America	132	–	132
Europe	622	–	622
Revenue from contracts with customers	3,909	409	4,319
Other revenue	–	–	–
External sales	3,909	409	4,319

Note: Net sales are classified by market based on the location of customers.

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.