

**Summary of Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2021
(Three Months Ended June 30, 2020)**

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: August 7, 2020

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 6, 2020, at 15:30 (GMT +9).

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

1. Consolidated Financial Results for the First Quarter Ended June 30, 2020 (Apr. 1, 2020 – Jun. 30, 2020)

(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, 2020	4,024	(22.4)	99	(61.6)	150	(55.2)	97	(56.5)
Three months ended Jun. 30, 2019	5,185	(25.4)	260	(68.4)	335	(60.7)	223	(61.2)

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2020: 326 (-%)
 Three months ended Jun. 30, 2019: 4 (down 99.0%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Jun. 30, 2020	5.38		-	
Three months ended Jun. 30, 2019	12.37		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Jun. 30, 2020	38,067		29,414		76.8	
As of Mar. 31, 2020	37,594		29,359		77.6	

Reference: Shareholders' equity (million yen) As of Jun. 30, 2020: 29,234 As of Mar. 31, 2020: 29,191

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2020	-	15.00	-	15.00	30.00
Fiscal year ending Mar. 31, 2021	-				
Fiscal year ending Mar. 31, 2021 (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, 2021 (Apr. 1, 2020 – Mar. 31, 2021)

(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	10,500	(29.1)	400	(77.5)	480	(74.7)	510	(62.8)	28.23	

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

Please refer to the "Notice of Earnings Forecast (Japanese version only)" released today on August 6, 2020 for the revisions to announced consolidated earnings forecast.

*** 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 outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Jun. 30, 2020:	18,098,923 shares	As of Mar. 31, 2020:	18,098,923 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2020:	31,367 shares	As of Mar. 31, 2020:	31,367 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2020:	18,067,556 shares	Three months ended Jun. 30, 2019:	18,067,654 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 quarter of the fiscal year ending March 31, 2021 (from April 1 through June 30, 2020), wide-ranging economic activities were hampered by the COVID-19 pandemic worldwide, although some activities appeared in the process of recovery.

Amid this COVID-19 crisis, while environmental regulations were established and strengthened for reasons such as international cooperation and respective circumstances of each country, and the development of related technologies have progressed; telecommunications and digital technologies, including IoT and DX (Digital Transformation), have evolved significantly, driven by a harsh competition among countries for market supremacy. In fact, stocks related to these themes have performed relatively strong.

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

Winding System & Mechatronics Business

As stated above, while economic activities were stalled worldwide, some of our deals failed to contribute to net sales due to restrictions on travel and movement since February amid the COVID-19 crisis and a subsequent delay in pre-shipment inspection. As a result, both net sales and profits dropped significantly during the quarter. In terms of order placement, however, while some customers were cautious about investing in mass-production facilities, others were largely proactive about investing in the facilities that automate the production of hardware and devices related to digital technologies as the competition for developing these technologies has further intensified in anticipation of a new society with COVID-19. In fact, during the first quarter, orders received decreased 8.7% year on year but increased as much as 50.9% from the previous quarter.

As a result of the above, the Winding System & Mechatronics Business segment, which accounts for about 87% of the Group's total net sales, reported net sales of 3,493 million yen (down 28.3% year on year) and segment profit (operating profit) of 195 million yen (down 48.4% year on year) on a consolidated basis. On a non-consolidated basis, the segment reported orders received of 4,521 million yen (down 8.7% year on year), net sales (production) of 2,414 million yen (down 39.5% year on year), and the order backlog at the end of the first quarter of the current fiscal year of 12,301 million yen (down 17.0% year on year).

Contactless IC Tag & Card Business

During the first quarter of the current fiscal year, sales increased strongly, helped by a large-sized order for contactless IC cards received in the previous fiscal year.

As a result, net sales of the Contactless IC Tag & Card Business were 530 million yen (up 70.7% year on year), and segment profit (operating profit) was 111 million yen (down 13.0% year on year) on a consolidated basis. On a non-consolidated basis, orders received were 263 million yen (down 7.8% year on year), net sales (production) were 530 million yen (up 70.7% year on year), and the order backlog at the end of the first quarter of the current fiscal year was 853 million yen (up 312.0% year on year).

As a result of the above, for the first quarter of the current fiscal year, the Group reported net sales of 4,024 million yen (down 22.4% year on year), operating profit of 99 million yen (down 61.6% year on year), ordinary profit of 150 million yen (down 55.2% year on year), and profit attributable to owners of parent of 97 million yen (down 56.5% year on year) on a consolidated basis.

(2) Explanation of Financial Position

1) Assets

Current assets increased 270 million yen from the end of the previous fiscal year to 24,895 million yen. This was mainly attributable to an increase of 1,443 million yen in work in process, which was partially offset by a decrease of 1,208 million yen in notes and accounts receivable-trade.

Non-current assets increased 202 million yen from the end of the previous fiscal year to 13,171 million yen. This was mainly attributable to an increase of 215 million yen in investment securities.

As a result, total assets increased 473 million yen from the end of the previous fiscal year to 38,067 million yen.

2) Liabilities

Current liabilities increased 411 million yen from the end of the previous fiscal year to 8,011 million yen. This was mainly attributable to an increase of 585 million yen in advances received included in other, which was partially offset by a decrease of 216 million yen in electronically recorded obligations-operating.

Non-current liabilities increased 6 million yen from the end of the previous fiscal year to 642 million yen. This was mainly attributable to increases of 7 million yen in retirement benefit liability and 48 million yen in deferred tax liabilities, which were partially offset by a decrease of 49 million yen in lease obligations included in other.

As a result, total liabilities increased 417 million yen from the end of the previous fiscal year to 8,653 million yen.

3) Net assets

Total net assets increased 55 million yen from the end of the previous fiscal year to 29,414 million yen.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements

We announced that the consolidated earnings forecast for the fiscal year ending March 31, 2021 was undetermined in the Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (Japanese GAAP) released on May 22, 2020. Since then, we have assessed the environment as mentioned above and considered how we as the Group should respond to it. As a result, we have decided to disclose the consolidated earnings forecast for the first half of the fiscal year ending March 31, 2021 and to leave the full-year forecast undermined.

For more details, please refer to “Notice of Earnings Forecast (Japanese version only)” released today on August 6, 2020.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	Prior fiscal year (As of Mar. 31, 2020)	First quarter of current fiscal year (As of Jun. 30, 2020)
Assets		
Current assets		
Cash and deposits	10,264,802	9,809,379
Notes and accounts receivable-trade	6,534,039	5,325,551
Electronically recorded monetary claims-operating	533,105	1,299,371
Securities	200,055	-
Work in process	4,808,056	6,251,653
Raw materials and supplies	1,197,689	1,312,345
Other	1,215,495	1,024,197
Allowance for doubtful accounts	(127,656)	(126,577)
Total current assets	24,625,586	24,895,921
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,828,497	4,771,037
Machinery, equipment and vehicles, net	781,280	816,588
Land	2,812,027	2,812,027
Other, net	974,848	929,597
Total property, plant and equipment	9,396,653	9,329,250
Intangible assets		
Other	193,670	186,354
Total intangible assets	193,670	186,354
Investments and other assets		
Investment securities	2,204,366	2,419,880
Deferred tax assets	26,216	17,407
Other	1,147,986	1,218,995
Total investments and other assets	3,378,569	3,656,283
Total non-current assets	12,968,892	13,171,888
Total assets	37,594,479	38,067,810

	(Thousands of yen)	
	Prior fiscal year (As of Mar. 31, 2020)	First quarter of current fiscal year (As of Jun. 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,464,017	1,532,077
Electronically recorded obligations-operating	2,889,566	2,673,477
Income taxes payable	91,071	113,571
Provision for bonuses	451,039	259,562
Other	2,703,693	3,432,395
Total current liabilities	7,599,390	8,011,082
Non-current liabilities		
Deferred tax liabilities	31,283	79,895
Retirement benefit liability	134,382	141,598
Other	470,248	420,522
Total non-current liabilities	635,914	642,016
Total liabilities	8,235,305	8,653,098
Net assets		
Shareholders' equity		
Share capital	6,884,928	6,884,928
Capital surplus	2,535,775	2,535,775
Retained earnings	19,187,343	19,013,613
Treasury shares	(25,668)	(25,668)
Total shareholders' equity	28,582,379	28,408,649
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	469,184	683,501
Foreign currency translation adjustment	122,522	124,107
Remeasurements of defined benefit plans	17,267	18,499
Total accumulated other comprehensive income	608,974	826,108
Non-controlling interests	167,820	179,953
Total net assets	29,359,174	29,414,711
Total liabilities and net assets	37,594,479	38,067,810

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

(Thousands of yen)

	First three months of prior fiscal year (Apr. 1, 2019 – Jun. 30, 2019)	First three months of current fiscal year (Apr. 1, 2020 – Jun. 30, 2020)
Net sales	5,185,392	4,024,305
Cost of sales	3,862,657	3,053,842
Gross profit	1,322,735	970,462
Selling, general and administrative expenses	1,062,395	870,468
Operating profit	260,339	99,993
Non-operating income		
Dividend income	21,405	23,421
Foreign exchange gains	38,448	-
Subsidy income	-	17,372
Other	20,624	20,071
Total non-operating income	80,478	60,865
Non-operating expenses		
Foreign exchange losses	-	4,419
Other	5,055	6,020
Total non-operating expenses	5,055	10,439
Ordinary profit	335,762	150,419
Profit before income taxes	335,762	150,419
Income taxes-current	68,408	66,772
Income taxes-deferred	38,350	(21,447)
Total income taxes	106,758	45,325
Profit	229,004	105,094
Profit attributable to non-controlling interests	5,584	7,811
Profit attributable to owners of parent	223,419	97,283

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

	(Thousands of yen)	
	First three months of prior fiscal year (Apr. 1, 2019 – Jun. 30, 2019)	First three months of current fiscal year (Apr. 1, 2020 – Jun. 30, 2020)
Profit	229,004	105,094
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,887)	214,317
Foreign currency translation adjustment	(216,380)	5,905
Remeasurements of defined benefit plans, net of tax	1,780	1,231
Total other comprehensive income	(224,487)	221,455
Comprehensive income	4,516	326,550
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,551	314,417
Comprehensive income attributable to non-controlling interests	2,965	12,132

(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, 2020 – Jun. 30, 2020)

Not applicable.

Segment and Other Information

I. First three months of prior fiscal year (Apr. 1, 2019 – Jun. 30, 2019)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	4,874,770	310,622	5,185,392
Inter-segment sales and transfers	-	-	-
Total	4,874,770	310,622	5,185,392
Segment profit	379,597	128,216	507,814

2. Reconciliation of amounts shown on the quarterly consolidated statement of income with total profit or loss for reportable segments (Thousands of yen)

Profit	Amount
Total for reportable segments	507,814
Corporate expenses (Note)	(247,474)
Operating profit on the quarterly consolidated statement of income	260,339

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

II. First three months of-current fiscal year (Apr. 1, 2020 – Jun. 30, 2020)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	3,493,946	530,358	4,024,305
Inter-segment sales and transfers	-	-	-
Total	3,493,946	530,358	4,024,305
Segment profit	195,838	111,562	307,400

2. Reconciliation of amounts shown on the quarterly consolidated statement of income with total profit or loss for reportable segments (Thousands of yen)

Profit	Amount
Total for reportable segments	307,400
Corporate expenses (Note)	(207,406)
Operating profit on the quarterly consolidated statement of income	99,993

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.