

**Summary of Consolidated Financial Results for the Second Quarter
of the Fiscal Year Ending March 31, 2021
(Six Months Ended September 30, 2020)**

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: November 13, 2020

Scheduled date of payment of dividend: December 1, 2020

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 November 12, 2020, at 15:00 (GMT +9).

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

1. Consolidated Financial Results for the Second Quarter Ended September 30, 2020 (Apr. 1, 2020 – Sep. 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	%
Six months ended Sep. 30, 2020	10,091	(31.9)	552	(69.0)	615	(67.6)	677	(50.6)
Six months ended Sep. 30, 2019	14,814	(0.3)	1,780	9.8	1,900	12.3	1,372	16.8

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2020: 1,126 (up 0.4%)
 Six months ended Sep. 30, 2019: 1,121 (up 13.5%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended Sep. 30, 2020	37.51		-	
Six months ended Sep. 30, 2019	75.97		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Sep. 30, 2020	39,438		30,229		76.1	
As of Mar. 31, 2020	37,594		29,359		77.6	

Reference: Shareholders' equity (million yen) As of Sep. 30, 2020: 30,024 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	-	15.00	-	-	-
Fiscal year ending Mar. 31, 2021 (forecast)	-	-	-	15.00	30.00

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

The 2Q-end dividend per share is planned to be resolved at the Board of Directors' meeting on November 13, 2020.

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	
Full year	22,500	(18.2)	1,450	(41.6)	1,550	(41.9)	1,200	(43.4)	66.42	

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): Yes

Newly added: 1 (IMD CO., LTD.) 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 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 Sep. 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 Sep. 30, 2020:	31,456 shares	As of Mar. 31, 2020:	31,367 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2020:	18,067,524 shares	Six months ended Sep. 30, 2019:	18,067,652 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 4 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 half of the fiscal year ending March 31, 2021 (from April 1 through September 30, 2020), the NITTOKU Group was faced with an external environment where countries around the world were failing to align their efforts to resume the economic activities as the global economic outlook remained uncertain given the U.S.-China trade friction, let alone the continued COVID-19 pandemic.

Due in part to this situation, both people and governments have taken varying actions globally in a bid to achieve what looks to be ideal in the era of New Normal after COVID-19. Activities to address SDGs and utilize DX on the economic front, coupled with ongoing changes in people's lifestyle and mindsets, are drastically transforming our social system. Companies poised to address seeds of opportunities and potential needs, arising out of the current instability, are deemed essential to the society, and are expected to achieve significant growth. In fact, capital investments in especially the information and communications (primarily 5G) sector and the mobility sector started to recover gradually. As a company that makes proposals for optimizing total system of high-precision automated production lines, we are called on to appropriately identify and capture seeds of opportunities and needs more than ever. As a result, the number of inquiries we receive is on a recovering trend.

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

Winding System & Mechatronics Business

As one of the companies essential to the society, we sought to prevent delayed shipments through early efforts to inspect our products remotely, given that some of our deals failed to contribute to net sales due to ongoing restrictions on travel and movement since February this year and a subsequent delay in part of pre-shipment inspection. Further, to limit the mobility of people to the extent possible based on the idea of "local production for local consumption," we have been making efforts to improve its operating performance, which deteriorated under the influence of the COVID-19 pandemic. More specifically, we have expanded the production capacity of its overseas subsidiaries and upgraded its development, production and sales structures without undermining its unique strengths towards the era of New Normal.

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 9,034 million yen (down 36.4% year on year) and segment profit (operating profit) of 710 million yen (down 67.2% year on year) on a consolidated basis. On a non-consolidated basis, the segment reported orders received of 7,667 million yen (down 15.5% year on year), net sales (production) of 7,196 million yen (down 37.9% year on year), and the order backlog at the end of the second quarter of the current fiscal year of 10,665 million yen (down 6.0% year on year).

Contactless IC Tag & Card Business

Production remained robust, 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 1,057 million yen (up 72.4% year on year) and segment profit (operating profit) was 260 million yen (up 39.8% year on year) on a consolidated basis. On a non-consolidated basis, however, given a reactionary fall in demand due to the large-sized order received during the previous fiscal year, orders received decreased significantly to 491 million yen (down 71.1% year on year), while net sales (production) soared to 1,057 million yen (up 72.4% year on year) and the order backlog at the end of the second quarter of the current fiscal year was 554 million yen (down 57.9% year on year).

As a result of the above, for the first half of the current fiscal year, the Group reported net sales of 10,091 million yen (down 31.9% year on year), operating profit of 552 million yen (down 69.0% year on year), ordinary profit of 615 million yen (down 67.6% year on year), and profit attributable to owners of parent of 677 million yen (down 50.6% year on year) on a consolidated basis.

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

Current assets increased 1,426 million yen from the end of the previous fiscal year to 26,052 million yen. This was mainly attributable to increases of 631 million yen in cash and deposits and 826 million yen in work in process.

Non-current assets increased 416 million yen from the end of the previous fiscal year to 13,385 million yen. This was mainly attributable to an increase of 586 million yen in investment securities.

As a result, total assets increased 1,843 million yen from the end of the previous fiscal year to 39,438 million yen.

Liabilities

Current liabilities increased 821 million yen from the end of the previous fiscal year to 8,421 million yen. This was mainly attributable to an increase of 927 million yen in advances received included in other.

Non-current liabilities increased 151 million yen from the end of the previous fiscal year to 787 million yen. This was mainly attributable to an increase of 186 million yen in deferred tax liabilities.

As a result, total liabilities increased 973 million yen from the end of the previous fiscal year to 9,208 million yen.

Net assets

Total net assets increased 870 million yen from the end of the previous fiscal year to 30,229 million yen.

Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the first half of the current fiscal year increased 1,204 million yen from the end of the previous fiscal year to 9,670 million yen. The cash flow components during the first half and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash provided by operating activities was 1,183 million yen (compared with 1,065 million yen provided for the same period of the previous fiscal year). Main factors include profit before income taxes of 936 million yen, depreciation of 325 million yen, an increase of 883 million yen in advances received and subsidies received of 516 million yen, while there were an increase of 402 million yen in trade receivables, an increase of 942 million yen in inventories and subsidy income of 321 million yen.

Cash flows from investing activities

Net cash provided by investing activities was 242 million yen (compared with 1,149 million yen used for the same period of the previous fiscal year). Main factors include payments into time deposits of 1,229 million yen and purchase of property, plant and equipment of 332 million yen, which were partially offset by proceeds from withdrawal of time deposits of 1,708 million yen.

Cash flows from financing activities

Net cash used in financing activities was 272 million yen (compared with 271 million yen used for the same period of the previous fiscal year), which was caused by dividends paid of 271 million yen.

Research and development activities

The Group incurred research and development expenses of 336 million yen for the first half of the current fiscal year.

(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. There are no revisions to the full-year consolidated earnings forecast that was announced on October 7, 2020.

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

	(Thousands of yen)	
	Prior fiscal year (As of Mar. 31, 2020)	Second quarter of current fiscal year (As of Sep. 30, 2020)
Assets		
Current assets		
Cash and deposits	10,264,802	10,896,654
Notes and accounts receivable-trade	6,534,039	6,566,096
Electronically recorded monetary claims-operating	533,105	926,863
Securities	200,055	-
Work in process	4,808,056	5,634,151
Raw materials and supplies	1,197,689	1,305,223
Other	1,215,495	850,724
Allowance for doubtful accounts	(127,656)	(127,194)
Total current assets	24,625,586	26,052,519
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,828,497	4,751,801
Machinery, equipment and vehicles, net	781,280	862,180
Land	2,812,027	2,812,027
Other, net	974,848	882,318
Total property, plant and equipment	9,396,653	9,308,327
Intangible assets		
Other	193,670	190,974
Total intangible assets	193,670	190,974
Investments and other assets		
Investment securities	2,204,366	2,791,163
Deferred tax assets	26,216	28,434
Other	1,147,986	1,066,750
Total investments and other assets	3,378,569	3,886,347
Total non-current assets	12,968,892	13,385,649
Total assets	37,594,479	39,438,169

	(Thousands of yen)	
	Prior fiscal year (As of Mar. 31, 2020)	Second quarter of current fiscal year (As of Sep. 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,464,017	1,667,477
Electronically recorded obligations-operating	2,889,566	2,725,625
Income taxes payable	91,071	226,860
Provision for bonuses	451,039	430,802
Other	2,703,693	3,370,566
Total current liabilities	7,599,390	8,421,331
Non-current liabilities		
Deferred tax liabilities	31,283	217,643
Retirement benefit liability	134,382	149,825
Other	470,248	419,883
Total non-current liabilities	635,914	787,352
Total liabilities	8,235,305	9,208,683
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	19,594,079
Treasury shares	(25,668)	(25,943)
Total shareholders' equity	28,582,379	28,988,839
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	469,184	824,834
Foreign currency translation adjustment	122,522	191,413
Remeasurements of defined benefit plans	17,267	19,731
Total accumulated other comprehensive income	608,974	1,035,979
Non-controlling interests	167,820	204,666
Total net assets	29,359,174	30,229,485
Total liabilities and net assets	37,594,479	39,438,169

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

(Thousands of yen)

	First six months of prior fiscal year (Apr. 1, 2019 – Sep. 30, 2019)	First six months of current fiscal year (Apr. 1, 2020 – Sep. 30, 2020)
Net sales	14,814,671	10,091,613
Cost of sales	10,805,113	7,683,575
Gross profit	4,009,557	2,408,037
Selling, general and administrative expenses	2,228,783	1,855,643
Operating profit	1,780,774	552,393
Non-operating income		
Dividend income	29,424	24,174
Foreign exchange gains	59,734	-
Gain on insurance cancellation	-	42,258
Other	39,763	52,005
Total non-operating income	128,922	118,438
Non-operating expenses		
Foreign exchange losses	-	36,124
Other	9,287	19,486
Total non-operating expenses	9,287	55,611
Ordinary profit	1,900,408	615,220
Extraordinary income		
Subsidy income	-	321,282
Total extraordinary income	-	321,282
Profit before income taxes	1,900,408	936,502
Income taxes-current	526,768	196,307
Income taxes-deferred	(13,504)	42,377
Total income taxes	513,263	238,684
Profit	1,387,145	697,818
Profit attributable to non-controlling interests	14,577	20,069
Profit attributable to owners of parent	1,372,567	677,749

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

(Thousands of yen)

	First six months of prior fiscal year (Apr. 1, 2019 – Sep. 30, 2019)	First six months of current fiscal year (Apr. 1, 2020 – Sep. 30, 2020)
Profit	1,387,145	697,818
Other comprehensive income		
Valuation difference on available-for-sale securities	69,653	355,650
Foreign currency translation adjustment	(338,630)	70,367
Remeasurements of defined benefit plans, net of tax	3,560	2,463
Total other comprehensive income	(265,415)	428,481
Comprehensive income	1,121,729	1,126,299
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,110,612	1,104,754
Comprehensive income attributable to non-controlling interests	11,116	21,545

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of prior fiscal year (Apr. 1, 2019 – Sep. 30, 2019)	First six months of current fiscal year (Apr. 1, 2020 – Sep. 30, 2020)
Cash flows from operating activities		
Profit before income taxes	1,900,408	936,502
Depreciation	245,363	325,184
Amortization of goodwill	3,769	-
Increase (decrease) in allowance for doubtful accounts	633	(182)
Increase (decrease) in provision for bonuses	42,732	(21,482)
Increase (decrease) in retirement benefit liability	18,490	17,336
Interest and dividend income	(46,130)	(33,369)
Decrease (increase) in trade receivables	(137,715)	(402,339)
Decrease (increase) in inventories	692,476	(942,796)
Increase (decrease) in trade payables	(1,648,618)	23,911
Subsidy income	-	(321,282)
Increase (decrease) in advances received	259,172	883,746
Other, net	286,396	150,995
Subtotal	1,616,979	616,224
Interest and dividends received	47,176	33,745
Interest paid	(432)	(2,631)
Income taxes paid	(618,525)	(19,931)
Income taxes refund	19,997	39,412
Subsidies received	-	516,267
Net cash provided by (used in) operating activities	1,065,195	1,183,086
Cash flows from investing activities		
Payments into time deposits	(1,946,936)	(1,229,541)
Proceeds from withdrawal of time deposits	2,336,343	1,708,873
Proceeds from redemption of securities	200,158	200,000
Purchase of property, plant and equipment	(1,723,554)	(332,946)
Proceeds from sales of property, plant and equipment	6,878	14,126
Purchase of intangible assets	(4,356)	(51,383)
Purchase of investment securities	(4,448)	(195,859)
Proceeds from sales and redemption of investment securities	3,606	105,698
Purchase of insurance funds	(67,280)	(115,029)
Proceeds from maturity of insurance funds	50,305	138,355
Other, net	(60)	-
Net cash provided by (used in) investing activities	(1,149,344)	242,294
Cash flows from financing activities		
Purchase of treasury shares	(62)	(275)
Dividends paid	(270,839)	(271,072)
Other, net	(186)	(1,118)
Net cash provided by (used in) financing activities	(271,088)	(272,466)
Effect of exchange rate change on cash and cash equivalents	(165,798)	51,961
Net increase (decrease) in cash and cash equivalents	(521,036)	1,204,876
Cash and cash equivalents at beginning of period	7,731,896	8,466,094
Cash and cash equivalents at end of period	7,210,859	9,670,970

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

First six months of current fiscal year (Apr. 1, 2020 – Sep. 30, 2020)

Not applicable.

Segment and Other Information

Segment Information

I. First six months of previous fiscal year (Apr. 1, 2019 – Sep. 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	14,201,118	613,552	14,814,671
Inter-segment sales and transfers	-	-	-
Total	14,201,118	613,552	14,814,671
Segment profit	2,166,137	185,996	2,352,134

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	2,352,134
Corporate expenses (Note)	(571,360)
Operating profit on the quarterly consolidated statement of income	1,780,774

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

II. First six months of-current fiscal year (Apr. 1, 2020 – Sep. 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	9,034,013	1,057,599	10,091,613
Inter-segment sales and transfers	-	-	-
Total	9,034,013	1,057,599	10,091,613
Segment profit	710,169	260,025	970,194

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	970,194
Corporate expenses (Note)	(417,800)
Operating profit on the quarterly consolidated statement of income	552,393

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.