

Summary of the Consolidated Financial Results for the Second Quarter Ended September 30, 2020

① Financial Statements

1) Consolidated Balance Sheets

Millions of yen

| | FISCAL YEAR | SECOND QUARTER |
|--|---------------|----------------|
| | 2020/3 | 2020/9 |
| Cash and deposits | 14,038 | 11,945 |
| Notes and accounts receivable—trade | 9,325 | 7,945 |
| Securities | 3,050 | 1,803 |
| Merchandise and finished goods | 2,819 | 2,786 |
| Work in process | 1,039 | 1,059 |
| Raw materials and supplies | 2,119 | 2,149 |
| Other | 442 | 1,009 |
| Allowance for doubtful accounts | △ 73 | △ 60 |
| Current assets | 32,762 | 28,639 |
| Buildings and structures, net | 6,783 | 12,871 |
| Machinery, equipment and vehicles, net | 6,199 | 6,275 |
| Land | 6,685 | 6,685 |
| Other, net | 3,976 | 1,306 |
| Property, plant and equipment | 23,644 | 27,138 |
| Intangible assets | 195 | 208 |
| Investment securities | 10,301 | 10,211 |
| Other | 3,606 | 3,345 |
| Allowance for doubtful accounts | △ 503 | △ 507 |
| Investments and other assets | 13,405 | 13,049 |
| Non-current assets | 37,245 | 40,396 |
| Assets | 70,007 | 69,035 |

※Note

- Numbers with “△” indicate negative numbers.

Millions of yen

| | FISCAL YEAR | SECOND QUARTER |
|---|---------------|----------------|
| | 2020/3 | 2020/9 |
| Notes and accounts payable – trade | 1,317 | 1,054 |
| Short-term loans payable | 533 | 527 |
| Income taxes payable | 171 | 81 |
| Provision for bonuses | 586 | 617 |
| Other | 1,870 | 2,343 |
| Current liabilities | 4,479 | 4,623 |
| Net defined benefit liability | 7,527 | 7,561 |
| Provision for business structure improvement | 441 | 436 |
| Provision for share-based remuneration | 56 | 75 |
| Other | 669 | 625 |
| Non-current liabilities | 8,694 | 8,697 |
| Liabilities | 13,174 | 13,321 |
| Capital stock | 4,102 | 4,102 |
| Capital surplus | 7,129 | 7,129 |
| Retained earnings | 43,323 | 42,173 |
| Treasury shares | △ 150 | △ 150 |
| Shareholders' equity | 54,404 | 53,254 |
| Valuation difference on available-for-sale securities | 1,450 | 1,908 |
| Revaluation reserve for land | 196 | 196 |
| Foreign currency translation adjustment | △ 496 | △ 935 |
| Remeasurements of defined benefit plans | △ 41 | △ 20 |
| Total accumulated other comprehensive income | 1,107 | 1,148 |
| Non-controlling interests | 1,321 | 1,310 |
| Net assets | 56,833 | 55,714 |
| Liabilities and net assets | 70,007 | 69,035 |

2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Millions of yen

| | SECOND QUARTER | |
|---|----------------|----------|
| | 2019/4-9 | 2020/4-9 |
| Net sales | 18,503 | 14,528 |
| Cost of sales | 14,253 | 11,716 |
| Gross profit | 4,249 | 2,812 |
| Selling expenses | 2,504 | 2,251 |
| General and administrative expenses | 1,659 | 1,373 |
| Selling, general and administrative expenses | 4,164 | 3,624 |
| Operating profit (loss) | 85 | △ 812 |
| Interest income | 37 | 25 |
| Dividend income | 104 | 73 |
| Foreign exchange gains | — | 42 |
| Share of profit of entities accounted for using equity method | 0 | — |
| Miscellaneous income | 46 | 26 |
| Non-operating income | 189 | 168 |
| Interest expenses | 3 | 3 |
| Foreign exchange losses | 70 | — |
| Share of loss of entities accounted for using equity method | — | 6 |
| Miscellaneous loss | 1 | 9 |
| Non-operating expenses | 75 | 20 |
| Ordinary profit (loss) | 199 | △ 664 |
| Gain on sales of investment securities | 308 | 146 |
| Extraordinary income | 308 | 146 |
| Factory relocation expenses | — | 184 |
| Extraordinary losses | — | 184 |
| Profit (loss) before income taxes | 507 | △ 702 |
| Income taxes – current | 77 | 74 |
| Income taxes – deferred | 76 | 30 |
| Income taxes | 153 | 104 |
| Profit (loss) | 353 | △ 807 |
| Profit (loss) attributable to non-controlling interests | 16 | 7 |
| Profit (loss) attributable to owners of parent | 337 | △ 815 |

Consolidated Statements of Comprehensive Income

Millions of yen

| | SECOND QUARTER | |
|---|----------------|----------|
| | 2019/4-9 | 2020/4-9 |
| Profit (loss) | 353 | △ 807 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | △ 185 | 458 |
| Foreign currency translation adjustment | △ 207 | △ 208 |
| Remeasurements of defined benefit plans | 28 | 21 |
| Share of other comprehensive income of entities accounted for using equity method | △ 287 | △ 221 |
| Other comprehensive income | △ 651 | 49 |
| Comprehensive income | △ 297 | △ 758 |
| (Comprehensive income attributable to) | | |
| Comprehensive income attributable to owners of parent | △ 243 | △ 758 |
| Comprehensive income attributable to non-controlling interests | △ 53 | 0 |

3) Consolidated Statements of Cash Flows

Millions of yen

| | SECOND QUARTER | |
|--|----------------|----------------|
| | 2019/4-9 | 2020/4-9 |
| Cash flows from operating activities | | |
| Profit (loss) before income taxes | 507 | △ 702 |
| Depreciation | 1,250 | 1,331 |
| Increase (decrease) in allowance for doubtful accounts | △ 25 | △ 12 |
| Increase (decrease) in provision for bonuses | △ 47 | 30 |
| Increase (decrease) in net defined benefit liability | △ 197 | 63 |
| Increase (decrease) in provision for stock benefits | 10 | 18 |
| Interest and dividend income | △ 142 | △ 98 |
| Interest expenses | 3 | 3 |
| Share of (profit) loss of entities accounted for using equity method | △ 0 | 6 |
| Loss (gain) on sales of investment securities | △ 308 | △ 146 |
| Decrease (increase) in notes and accounts receivable – trade | 1,368 | 1,348 |
| Decrease (increase) in inventories | 650 | △ 53 |
| Increase (decrease) in notes and accounts payable – trade | △ 261 | △ 240 |
| Other, net | △ 144 | 53 |
| Subtotal | 2,664 | 1,602 |
| Interest and dividend income received | 142 | 98 |
| Interest expenses paid | △ 3 | △ 3 |
| Income taxes paid | △ 50 | △ 153 |
| Net cash provided by (used in) operating activities | 2,752 | 1,544 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | △ 1,498 | △ 4,971 |
| Proceeds from sales of property, plant and equipment | 1 | 1 |
| Purchase of investment securities | △ 17 | △ 17 |
| Proceeds from sales of investment securities | 371 | 270 |
| Other, net | △ 68 | △ 26 |
| Net cash provided by (used in) investing activities | △ 1,211 | △ 4,743 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | △ 7 | △ 4 |
| Purchase of treasury shares | △ 0 | △ 0 |
| Dividends paid | △ 451 | △ 332 |
| Other, net | △ 67 | △ 69 |
| Net cash provided by (used in) financing activities | △ 527 | △ 406 |
| Effect of exchange rate change on cash and cash equivalents | △ 63 | △ 132 |
| Net increase (decrease) in cash and cash equivalents | 950 | △ 3,738 |
| Cash and cash equivalents at beginning of period | 16,548 | 15,685 |
| Cash and cash equivalents at end of period | 17,499 | 11,946 |

② Financial Data

1) Forecast (2020/4-2021/3)

| Net sales (Millions of yen) | Operating profit (Millions of yen) | Ordinary profit (Millions of yen) | Profit attributable to owners of parent (Millions of yen) | Earnings per share [EPS] (Yen) |
|--------------------------------|---------------------------------------|--------------------------------------|---|--------------------------------------|
| 29,300 | △ 1,580 | △ 1,310 | △ 1,350 | △ 24.32 |

1) Consolidated Financial Indicator

| | | SECOND QUARTER | | FISCAL YEAR | FORECAST |
|--|-----------------|----------------|----------|---------------|---------------|
| | | 2019/4-9 | 2020/4-9 | 2019/4-2020/3 | 2020/4-2021/3 |
| | | Amount | Amount | Amount | Amount |
| Operating profit ratio | (%) | 0.5 | △ 5.6 | 0.8 | △ 5.4 |
| Ordinary profit ratio | (%) | 1.1 | △ 4.6 | 1.7 | △ 4.5 |
| Return on assets [ROA] | (%) | 0.5 | △ 1.2 | △ 0.5 | — |
| Return on equity [ROE] | (%) | 0.6 | △ 1.5 | △ 0.6 | — |
| Capital expenditures | Millions of yen | 1,568 | 5,128 | 5,328 | 6,700 |
| Depreciation [Property, plant and equipment] | Millions of yen | 1,223 | 1,292 | 2,578 | 2,750 |
| Research and development expenses | Millions of yen | 865 | 817 | 1,735 | 1,600 |
| Number of employees | Number | 2,200 | 2,118 | 2,139 | — |

2) Consolidated Net Sales Breakdown

Consolidated Net Sales Breakdown by Industry

Millions of yen

| | SECOND QUARTER | | | | FISCAL YEAR | | FORECAST | |
|-------------------------------|----------------|-------|----------|-------|---------------|-------|---------------|-------|
| | 2019/4-9 | | 2020/4-9 | | 2019/4-2020/3 | | 2020/4-2021/3 | |
| | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| Electronics and Semiconductor | 5,785 | 31.3 | 5,265 | 36.2 | 11,384 | 32.2 | 10,600 | 36.2 |
| Transportation | 4,693 | 25.3 | 3,101 | 21.3 | 8,757 | 24.8 | 6,480 | 22.1 |
| Machinery | 4,675 | 25.3 | 3,630 | 25.0 | 8,974 | 25.4 | 7,370 | 25.1 |
| Stone and Construction | 2,388 | 12.9 | 1,839 | 12.7 | 4,504 | 12.8 | 3,720 | 12.7 |
| Other | 960 | 5.2 | 691 | 4.8 | 1,683 | 4.8 | 1,130 | 3.9 |
| Net sales | 18,503 | 100.0 | 14,528 | 100.0 | 35,304 | 100.0 | 29,300 | 100.0 |

Consolidated Net Sales Breakdown by Geographical Region

Millions of yen

| | SECOND QUARTER | | | | FISCAL YEAR | | FORECAST | |
|------------------------|----------------|-------|----------|-------|---------------|-------|---------------|-------|
| | 2019/4-9 | | 2020/4-9 | | 2019/4-2020/3 | | 2020/4-2021/3 | |
| | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| Japan | 9,866 | 53.3 | 8,016 | 55.2 | 19,098 | 54.1 | 16,200 | 55.3 |
| Taiwan | 1,395 | 7.5 | 1,263 | 8.7 | 2,722 | 7.7 | 2,500 | 8.5 |
| China | 1,477 | 8.0 | 1,279 | 8.8 | 2,883 | 8.2 | 2,650 | 9.1 |
| Other Asia and Oceania | 2,628 | 14.2 | 1,975 | 13.6 | 5,076 | 14.4 | 4,050 | 13.8 |
| Europe | 1,793 | 9.7 | 1,208 | 8.3 | 3,224 | 9.1 | 2,250 | 7.7 |
| Other | 1,342 | 7.3 | 785 | 5.4 | 2,299 | 6.5 | 1,650 | 5.6 |
| Net sales | 18,503 | 100.0 | 14,528 | 100.0 | 35,304 | 100.0 | 29,300 | 100.0 |

※Note

- This report contains estimates and forecasts pertaining to the future plans and business results. Such statements are based on information available at the time of the report's production and include potential risks and uncertainties. Actual results may differ from estimates and forecasts contained herein.
- Numbers with "△" indicate negative numbers.