

Consolidated Financial Statements for the 3rd Quarter of the Fiscal Year Ending March 31st, 2022 (FY2022/3), Japan GAAP

February 2nd, 2022

Company Name



Tokyo Seimitsu Co., Ltd.

Stock Listing: First Section TSE

ACCRETECH

Code number: 7729

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Date of Quarterly Financial Statement Filing (planned) : February 4th, 2022

Dividend Payment Date (planned): -

Supplementary Document for Quarterly Financial Results : Yes

Holding of Financial Results Meeting: Yes (for Analysts, investors)

(Millions of yen, rounded down)

1. Consolidated Results for Accumulated 3rd quarter (April 1st – December 31st, 2021)

(1) Consolidated sales and earnings (Percentage figures represent changes from the accumulated 3rd quarter of previous year)

	Net Sales (Millions of Yen)		Operating Profit (Millions of Yen)		Recurring Profit (Millions of Yen)		Net Profit Attributable to Owners of the Parent (Millions of Yen)	
FY2022/3 3Q	93,445	40.1%	19,252	106.6%	19,569	109.3%	14,384	107.2%
FY2021/3 3Q	66,709	3.9%	9,317	3.9%	9,352	2.0%	6,942	6.1%

Note: Comprehensive Income in FY2022/3 3Q 14,992 million yen (142.5%), in FY2021/3 3Q: 6,183 million yen (7.2%)

	Net Profit per Share (Yen)	Net Profit per Share (diluted) (Yen)
FY2022/3 3Q	351.95	348.58
FY2021/3 3Q	167.01	165.70

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio
FY2022/3 3Q	181,025	123,616	67.5%
FY2021/3	161,556	116,777	71.4%

Note: Equity in FY2022/3 3Q: 122,105 million yen, in FY2021/3: 115,368 million yen

2. Dividends

	Per Share Dividend in Fiscal Year				
	Q1 End	Q2 End	Q3 End	Q4 End	Total
	Yen	Yen	Yen	Yen	Yen
FY2021/3	-	42.00	-	62.00	104.00
FY2022/3	-	84.00			
FY2022/3 (Projected)			-	84.00	168.00

Note: Changes due to revision of dividend projection: No

3. Forecast for FY2022/3 (April 1st, 2021 - March 31st, 2022)

(% figures represent changes from the previous year)

	Net Sales (Millions of Yen)		Operating Profit (Millions of Yen)		Recurring Profit (Millions of Yen)		Net Profit attributable to Owners of the Parent (Millions of Yen)		Net Profit per Share (yen)
Full Year	128,000	31.8%	26,500	70.1%	26,500	66.8%	19,300	58.6%	470.70

Note: Changes due to revision of forecast: No

*** Notes**

(1) Significant changes in subsidiaries during the term under review: No

(2) Accounting procedures specific to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting principles, estimates and restatements

1) Changes due to revision of accounting standards, etc.: Yes

2) Changes other than 1): No

3) Changes in accounting estimates: No

4) Restatement: No

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of period (including treasury shares):	FY2022/3 3Q	41,857,781 shares	FY2021/3	41,759,981 shares
2) Number of treasury shares at the end of period:	FY2022/3 3Q	1,222,891 shares	FY2021/3	715,164 shares
3) Average Number of shares outstanding during the period:	FY2022/3 3Q	40,870,900 shares	FY2021/3 3Q	41,569,367 shares

*** This consolidated financial statements report is not subject to audit procedures.**

*** Cautionary Statements with respect to Forward-looking Statements**

All forecasts and other forward-looking statements in this document are based on information currently available to the Company and assumptions that the Company considers reasonable. Various uncertainties could cause actual results to significantly differ from these forecasts. Please refer to supplementary statement.

*** Cautionary Statements with respect to the translation of the document**

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Contents of supplementary statement

1. Qualitative information on Business Performance for 3rd Quarter of FY2022/3.....	2
(1) Overview of Business Performance.....	2
(2) Analysis of Financial Position.....	3
(3) Financial Estimates such as Consolidated Business Forecasts for current Fiscal Year.....	3
2. Consolidated Financial Statements and Notes	4
(1) Consolidated Balance Sheet.....	4
(2) Consolidated Statements of Income, and Comprehensive Income.....	6
(3) Notes to Consolidated Financial Statements.....	8
(Note on Assumptions for Going Concern).....	8
(Significant Changes in Shareholder's Equity).....	8
(Changes in Accounting Principles).....	8
(Segment Information and Others).....	9

1. Qualitative information on Business Performance for 3rd Quarter of FY2022/3

(1) Overview of Business Performance

In the accumulated 3rd Quarter ending March 2022 (FY2022/3), although the global economy continued to be greatly affected by the spread of COVID-19, there were signs of recovery in Japan, the U.S., Europe, and other countries due to efforts to normalize economic activities. On the other hand, the impact on the supply of various products continues to be unpredictable due to the continued shortage of supply of materials, mainly semiconductors and electronic components, as well as the stagnation of some logistics.

Under these circumstances, consolidated orders in the accumulated 3rd quarter of Fiscal Year 2022/3 (April 1st, 2021 – December 31st, 2021) were ¥145,209 million yen (up 94.3% YoY), Sales were ¥93,445 million (up 40.1% YoY), Operating Profit was ¥19,252 million (up 106.6% YoY), Recurring Profit was ¥19,569 million (up 109.3% YoY), and Net Profit Attributable to Owners of the Parent was ¥14,384 million (up 107.2% YoY).

Business results during the term in each segment were as follows.

[Semiconductor Production Equipment (SPE) Segment]

In the SPE business segment, demand for production equipment was firm, mainly for server and communication related logic devices, memory devices, power semiconductors, display driver ICs, and for expansion of raw wafer production. In addition, demand from China, which is promoting the domestic production of semiconductor devices, remained at a high level, and as a result, orders received during the same period reached a new peak.

In response to these conditions, production and shipments were at high levels as well.

As a result, Orders for our SPE segment in the same period was ¥119,115 million (up 107.1% YoY), Sales was ¥72,400 million (up 49.2% YoY), and Operating Profit was ¥16,629 million (up 102.6% YoY).

[Metrology Equipment Segment]

In the Metrology segment, demand from the automotive industry, our main user, is on a gradual recovery trend, and there was also a recovery trend in demand for measurement for machinery and machine parts applications, such as SPE, and for robot applications. As a result of these circumstances, both orders received and net sales increased YoY.

As a result, Orders for our Metrology Equipment segment in the same period was ¥26,094 million (up 51.7% YoY), Sales was ¥21,045 million (up 15.7% YoY) and Operating Profit was ¥2,623 million (up 136.3% YoY).

(2) Analysis of Financial Position

[Assets, Liabilities and Net Assets]

Total Assets as at December 31st, 2021 amounted to ¥181,025 million, an increase of ¥19,469 million from the end of FY2021/3. The major factors behind this change include increases in Inventories including finished goods, Raw materials and supplies and Work in progress of ¥8,234 million, in Tangible fixed assets of ¥6,805 million, in accounts receivable such as Notes and accounts, contract assets, and electronically recorded monetary claims of ¥2,393 million, and in Cash and cash equivalents of ¥1,693 million.

Total Liabilities increased by ¥12,630 million to ¥57,409 million. This was mainly from an increase in accounts payable such as Notes and accounts payable and electronically recorded obligations-operating of ¥9,017 million, and decreases in Long-term debt of ¥2,000 million and Income taxes payable of ¥1,793 million.

Net Assets increased by ¥6,838 million and totaled ¥123,616 million; the Equity Ratio came to 67.5%.

(3) Financial Estimates such as Consolidated Business Forecasts for current Fiscal Year

There are no revisions to the Consolidated Business Forecasts for Fiscal Year 2022/3 previously announced on November 2nd, 2021.

Note: The forecasts contain forward-looking statements based on information available to the management at the time of this announcement that it has judged to be rational, including such factors as economic conditions in Japan and other countries or fluctuations in exchange rates, which may affect the Company's performance. These forecasts are subject to a number of risks and uncertainties, including market conditions, competition, and new product releases. Accordingly, actual results may differ materially from those projected in this earnings summary.

2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of Yen)

	FY2021/3 (March 31 st , 2021)	FY2022/3 3Q (December 31 st , 2021)
ASSETS		
Current Assets		
Cash and cash equivalents	43,657	45,350
Notes, accounts receivable and contract assets	27,304	26,337
Electronically recorded monetary claims	3,642	7,003
Merchandise and finished goods	2,657	3,075
Work in progress	22,028	27,246
Raw materials and supplies	8,200	10,799
Others	4,076	5,061
Allowance for doubtful accounts	- 50	- 45
Total current assets	111,516	124,827
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	17,082	16,651
Others(net)	19,562	26,798
Total Tangible Fixed Assets	36,645	43,450
Intangible fixed assets		
Goodwill	220	211
Others	3,769	3,463
Total Intangible Fixed Assets	3,989	3,674
Investments and other assets		
Others	9,517	9,185
Allowance for doubtful accounts	- 112	- 112
Total Investments and other assets	9,405	9,072
Total Fixed Assets	50,039	56,198
Total Assets	161,556	181,025

(Millions of Yen)

	FY2021/3 (March 31 st , 2021)	FY2022/3 3Q (December 31 st , 2021)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	9,379	12,002
Electronically recorded obligations-operating	13,682	20,077
Short-term debt	1,300	1,300
Current portion of long-term debt	2,000	2,000
Income taxes payable	3,935	2,141
Reserves for bonus	1,381	784
Reserves for director's bonuses	2	2
Others	7,614	15,646
Total current liabilities	39,296	53,955
Fixed Liabilities		
Long-term debt	4,000	2,000
Allowance for director retirement benefits	47	42
Net defined benefit liabilities	1,059	1,060
Asset retirement obligations	64	64
Others	310	286
Total fixed liabilities	5,482	3,454
Total Liabilities	44,778	57,409
NET ASSETS		
Shareholder's Equity		
Common stock	10,818	10,976
Capital surplus	21,918	22,091
Retained earnings	83,874	92,180
Treasury stock	- 3,124	- 5,590
Total Shareholder's Equity	113,487	119,658
Accumulated other comprehensive income		
Holding gain or loss in investment	476	390
Foreign currency translation adjustment	220	993
Remeasurements of defined benefit plans	1,184	1,063
Total accumulated other comprehensive income	1,881	2,447
Share subscription rights	892	952
Non-controlling interests	516	559
Total Net Assets	116,777	123,616
Total Liabilities and Net Assets	161,556	181,025

(2) Consolidated Statements of Income, and Comprehensive Income

(Consolidated Statements of Income)

(Accumulated 3rd quarter of FY2022/3(April 1st, 2021 – December 31st,2021))

(Millions of Yen)

	FY2021/3 3Q (April 1 st , 2020- December 31 st , 2020)	FY2022/3 3Q (April 1 st , 2021- December 31 st , 2021)
Net Sales	66,709	93,445
Cost of goods sold	41,801	56,586
Gross Profit on Sales	24,908	36,859
Selling, general and administrative expenses	15,591	17,606
Operating Profit	9,317	19,252
Non-operating income		
Interest income	14	28
Dividend income	66	136
Subsidy income	116	24
Reversal of costs to demolish existing buildings	-	44
Others	128	143
Total Non-operating income	325	377
Non-operating expenses		
Interest expenses	55	39
Foreign exchange loss	106	-
Provision of allowance for doubtful accounts	112	-
Others	16	21
Total Non-operating expenses	291	60
Recurring Profit	9,352	19,569
Extraordinary gains		
Gain on reversal of subscription rights to shares	6	3
Gain on sale of investment securities	133	-
Gain on liquidation of subsidiaries	-	9
Others	16	-
Total Extraordinary gains	156	13
Extraordinary losses		
Extra retirement payments	108	-
Costs to demolish existing buildings	292	-
Others	1	-
Total Extraordinary losses	402	-
Profit before income taxes and minority interests	9,105	19,582
Income tax and other taxes	2,824	4,774
Adjustment on income tax	- 651	372
Total Income tax and others	2,172	5,147
Net Profit before minority interests	6,933	14,434
Net Profit (loss) attributable to minority interests	- 9	50
Net Profit attributable to Owners of the Parent	6,942	14,384

(Consolidated Statements of Comprehensive Income)
(Accumulated 3rd quarter of FY2022/3(April 1st, 2021 – December 31st,2021))

(Millions of Yen)

	FY2021/3 3Q (April 1 st , 2020- December 31 st , 2020)	FY2022/3 3Q (April 1 st , 2021- December 31 st , 2021)
Net Profit before minority interests	6,933	14,434
Accumulated other comprehensive income		
Holding gain or loss in investment	147	- 86
Foreign currency translation adjustment	- 777	764
Remeasurements of defined benefit plans	- 119	- 120
Total accumulated other comprehensive income	- 749	557
Comprehensive Income	6,183	14,992
(breakdown)		
Comprehensive income attributable to owners of the parent	6,207	14,950
Comprehensive income attributable to non-controlling interests	- 23	42

(3) Notes to Consolidated Financial Statements

(Note on Assumptions for Going Concern)

Not applicable.

(Significant Changes in Shareholder's Equity)

1. Repurchase of Treasury Stock

Tokyo Seimitsu (the Company) has repurchased 515,600 shares as Treasury Stock in accordance with the resolution of the Board of Directors meeting held on August 3rd, 2021. Including the repurchase of shares less than one unit, Treasury Stock has been increased by ¥2,501 million during the period.

This repurchase program was terminated on September 17th, 2021 with the full take up of the allocation of shares for repurchase.

2. Disposition of Treasury Stock

The Company has disposed of 8,240 Treasury Stocks as Restricted Stock as compensation allotted to Directors according to the resolution by the Board of Directors meeting held on July 7th, 2021 and Treasury Stock has been decreased by ¥36 million.

Consequently, the value of Treasury Stock as of December 31st, 2021 totaled ¥5,590 million.

(Changes in Accounting Principles)

1. Accounting Standard for Revenue Recognition

Tokyo Seimitsu Group (hereinafter referred to as “the Group”) has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31st, 2020) (hereinafter referred to as “the Revenue Recognition Standard”) from the beginning of FY2022/3 in relation to transferring control of goods and services promised to a customer, the where the Company recognizes revenues expected to be received in exchange for such goods and services.

The following are the major changes from the application of the new Revenue Recognition Standard.

(i) Warranty Services

A majority of the Groups' sales include product transfers and warranty services for certain periods in accordance with contracts with customers. In the past, the Company did not recognize revenue for such services, however, the Company has changed its method of identifying performance obligations related to the delivery of products and performance obligations related to such services individually, and recognizes revenue when the respective performance obligations are satisfied.

(ii) Billable Services

The Group regularly provides billable services for products sold. In the past, revenues for billable services under a contract, such as a maintenance agreement, were recognized at the date the agreement took effect. However, under the Revenue Recognition Standard, these revenues will now be evenly apportioned during the warranty period.

(iii) Sales Rebates

In the past, payments to customers, such as sales rebates, were accounted for as an expense in Selling, general and administrative expenses. However, under the Revenue Recognition Standard, these payments will now be deducted from Transaction prices.

In relation to the Application of the Revenue Recognition Standard, the Group has applied the transitional treatment as provided for in Paragraph 84 of the Revenue Recognition Standard, where an impact which can be anticipated in a case of retroactive adoption of the Revenue Recognition Standard, it has been applied to retained earnings at the beginning of FY2022/3. The Group has also applied the method prescribed in Paragraph 86 of the Revenue Recognition Standard that allows for no change to apply to contracts for which almost all revenues were already recognized prior to the beginning of FY2022/3.

The impact of the application of the new Revenue Recognition Standard, in the accumulated 3rd quarter resulted in adjustments as follows: Sales decreased by ¥105 million; Selling, general and administrative expenses decreased by ¥63 million; and Operating profit, Recurring Profit, and Profit before income taxes and minority interests simultaneously decreased by ¥42 million. Also, Retained earnings at the beginning of FY2022/3 decreased by ¥122 million.

In relation to the Application of the Standard, “Notes and accounts payable“ in Consolidated balance sheets – Assets – Current Assets which was separately listed in FY2021/3 has been included to “Notes, accounts payable, and contract assets”.

2. Accounting Standard for Fair Value Measurement

The Group has also applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4th, 2019) from the beginning of FY2022/3, and in accordance with the transitional treatment provided for in Paragraph 19 of the Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4th, 2019), the Group has applied the new accounting method prescribed in the Accounting Standard for Fair Value Measurement. There are no impacts from these changes in the Quarterly Consolidated Financial Statements.

(Segment Information and Others)

Accumulated 3rd quarter of FY2021/3 (April 1st, 2020 – December 31st, 2020)

Sales and Profit (or loss) information per each reportable segment (Millions of yen)

	Reportable Segments		Consolidated Total
	SPE	Metrology Equipment	
Sales			
Sales to third party:			
Intersegment sales to transfer	48,513	18,196	66,709
	-	-	-
Total	48,513	18,196	66,709
Segment Profit	8,207	1,110	9,317

Note) Total Segment profit of reportable segments equals Operating Income of Consolidated Financial Statement.

Accumulated 3rd quarter of FY2022/3 (April 1st, 2021 – December 31st, 2021)

Sales and Profit (or loss) information per each reportable segment (Millions of yen)

	Reportable Segments		Consolidated Total
	SPE	Metrology Equipment	
Sales			
Sales to third party:			
Intersegment sales to transfer	72,400	21,045	93,445
	-	-	-
Total	72,400	21,045	93,445
Segment Profit	16,629	2,623	19,252

Note) Total Segment profit of reportable segments equals Operating Income of Consolidated Financial Statement.

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