

Consolidated Financial Statements for the 1st Quarter of the Fiscal Year Ending March 31st, 2023 (FY2023/3), Japan GAAP

August 2nd, 2022

Company Name



Tokyo Seimitsu Co., Ltd.

Stock Listing: Tokyo

ACCRETECH

Code number: 7729

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Supplementary Document for Quarterly Financial Results : Yes

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

(Millions of yen, rounded down)

1. Consolidated Results for 1st Quarter of FY2023/3 (April 1st – June 30th, 2022)

(1) Consolidated sales and earnings

(Percentage 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)	
FY2023/3 Q1	27,919	- 3.2%	5,691	- 4.9%	6,496	8.1%	4,812	10.5%
FY2022/3 Q1	28,841	36.9%	5,987	88.5%	6,011	79.7%	4,356	76.3%

Note: Comprehensive Income in FY2023/3 Q1: 5,839 million yen (23.2%), in FY2022/3 Q1: 4,738 million yen (186.3%)

	Net Profit per Share (Yen)	Net Profit per Share (diluted) (Yen)
FY2023/3 Q1	118.38	117.29
FY2022/3 Q1	106.09	105.04

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio
FY2023/3 Q1	191,927	132,863	68.4%
FY2022/3	190,287	131,081	68.1%

Note: Equity in FY2023/3 Q1: 131,297 million yen, FY2022/3: 129,556 million yen

2. Dividends

	Per Share Dividend in Fiscal Year				
	Q1 End	Q2 End	Q3 End	Q4 End	Total
	Yen	Yen	Yen	Yen	Yen
FY2022/3	-	84.00	-	101.00	185.00
FY2023/3	-				
FY2023/3 (Projected)		109.00	-	109.00	218.00

Note: Changes due to revision of dividend projection: No

3. Forecast for FY2023/3 (April 1st, 2022 - March 31st, 2023)

(% 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)
Interim	74,500	21.7%	15,300	18.6%	15,300	18.0%	10,800	12.4%	265.00
Full Year	150,000	14.8%	31,100	9.8%	31,100	6.6%	22,000	3.2%	541.00

Note: Changes due to revision of forecast: No

*** Notes**

(1) Significant changes in subsidiaries during the term under review (ones that changes scope of consolidation): 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.: No

2) Changes other than 1): Yes

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 stock):	FY2023/3 Q1	41,885,581 shares	FY2022/3	41,869,581 shares
2) Number of treasury stock at the end of period:	FY2023/3 Q1	1,222,956 shares	FY2022/3	1,222,956 shares
3) Average Number of shares outstanding during the period:	FY2023/3 Q1	40,654,243 shares	FY2022/3 Q1	41,063,521 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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1. Qualitative information on Business Performance for 1st quarter of FY2023/3

(1) Overview of Business Performance

During the 1st quarter of Fiscal Year ending March 2023 (FY2023/3), the global economy as a whole moved in the direction of resumption and recovery of economic activities as a result of progress in vaccination, mainly in Europe and the United States, and easing of social restrictions and international travel restrictions with regard to the impact of COVID-19 infection. On the other hand, supply shortages due to the worsening situation in Ukraine and logistics stagnation due to the lockdown in China have caused difficulties in obtaining supply, energy, and raw materials, as well as price hikes, which have spurred sharp inflation, exchange rate fluctuations, and higher interest rates, leading to concerns that the economy may deteriorate. There are concerns that this could lead to an economic downturn.

Under these circumstances, the business environment surrounding the Company was characterized by a decline in factory utilization among semiconductor and high-tech related companies, which are the customers of the Semiconductor Production Equipment (SPE) segment due to a drop in demand for consumer electronic products. On the other hand, the manufacturing industry in general, which is the customer base of the Metrology Equipment segment, showed a gradual resumption of capital investment.

As a result, Consolidated Orders in the 1st quarter of Fiscal Year 2023/3 (April 1st, 2022 – June 30th, 2022) were ¥46,165 million (up 11.6% YoY), Sales were ¥27,919 million (down 3.2% YoY), Operating Profit was ¥5,691 million (down 4.9% YoY), Recurring Profit was ¥6,496 million (up 8.1% YoY), and Net Profit Attributable to Owners of the Parent was ¥4,812 million (up 10.5% YoY).

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

[Semiconductor Production Equipment (SPE) Segment]

In the semiconductor production equipment segment, orders increased YoY despite a decrease in demand for consumer electronics such as mobile handsets, as demand for telecommunication-related logic devices such as 5G and servers, which has continued from the previous fiscal year, demand for power semiconductors such as SiC, and demand for increased wafer production remained strong.

On the other hand, production maintained high-capacity utilization despite the impact of parts procurement difficulties, but with regard to shipments, sales were affected by logistic problem and delay in installation due to lockdowns in China.

As a result, Orders for our SPE segment in the same period was ¥35,918 million (up 6.9% YoY), Sales was ¥21,135 million (down 7.0% YoY), and Operating Profit was ¥5,049 million (down 5.1% YoY).

[Metrology Equipment Segment]

In the Metrology Equipment Segment, demand from the automobile industry recovered moderately, and for machine parts and robot applications, as well as for machinery applications such as semiconductor production equipment, which is a new area of focus, also remained strong. As a result, both orders and sales increased YoY.

As a result, Orders for our Metrology Equipment segment in the same period was ¥ 10,246 million (up 31.7% YoY), Sales was ¥ 6,783 million (up 11.0% YoY) and Operating Profit was ¥ 641 million (down 3.9% YoY).

(2) Analysis of Financial Position

[Assets, Liabilities and Net Assets]

Total Assets as at June 30th, 2022 amounted to ¥191,927 million, an increase of ¥1,640 million from the end of FY2022/3. The major factors behind this change include an increase in Inventories including finished goods, Raw materials and supplies and Work in progress of ¥7,537 million, and a decrease in accounts receivable such as Notes and accounts, Contract assets, and Electronically recorded monetary claims of ¥ 3,694 million.

Total Liabilities decreased by ¥141 million to ¥59,064 million. This was mainly from a decrease in Income taxes payable of ¥2,748 million, a decrease in Long-term debt of ¥1,000 million, an increase in Contract liabilities of ¥2,696 million, and an increase in accounts payable such as Notes and accounts payable and electronically recorded obligations-operating of ¥1,765 million.

Net Assets increased by ¥1,782 million and totaled ¥ 132,863 million; the Equity Ratio came to 68.4%.

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

There are no revisions to the Consolidated Business Forecasts for Fiscal Year 2023/3 previously announced on May 10th, 2022.

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)

	FY2022/3 (March 31 st , 2022)	FY2023/3 Q1 (June 30 th , 2022)
ASSETS		
Current Assets		
Cash and cash equivalents	49,033	49,678
Notes, accounts receivable and contract assets	32,204	27,330
Electronically recorded monetary claims	6,162	7,342
Merchandise and finished goods	2,852	2,909
Work in progress	26,222	31,408
Raw materials and supplies	11,251	13,544
Others	6,143	2,988
Allowance for doubtful accounts	- 40	- 41
Total current assets	133,829	135,161
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	16,614	16,516
Others(net)	26,865	27,242
Total Tangible Fixed Assets	43,479	43,758
Intangible Fixed Assets		
Goodwill	210	295
Others	3,459	3,355
Total Intangible Fixed Assets	3,670	3,650
Investments and other assets		
Others	9,420	9,469
Allowance for doubtful accounts	- 112	- 112
Total Investments and other assets	9,307	9,357
Total Fixed Assets	56,457	56,765
Total Assets	190,287	191,927

(Millions of Yen)

	FY2022/3 (March 31 st , 2022)	FY2023/3 Q1 (June 30 th , 2022)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	11,213	12,507
Electronically recorded obligations-operating	18,662	19,134
Short-term debt	1,300	1,300
Current portion of long-term debt	2,000	2,000
Income taxes payable	4,454	1,705
Contract liabilities	10,308	13,005
Reserves for bonus	1,704	2,530
Reserves for director's bonuses	14	15
Others	5,984	4,327
Total current liabilities	55,641	56,525
Fixed Liabilities		
Long-term debt	2,000	1,000
Allowance for director retirement benefits	45	48
Net defined benefit liabilities	1,128	1,146
Asset retirement obligations	64	64
Others	325	278
Total fixed liabilities	3,564	2,538
Total Liabilities	59,206	59,064
NET ASSETS		
Shareholder's Equity		
Common stock	11,000	11,029
Capital surplus	22,115	22,144
Retained earnings	98,914	99,621
Treasury stock	- 5,590	- 5,590
Total Shareholder's Equity	126,439	127,204
Accumulated other comprehensive income		
Holding gain or loss in investment	342	376
Foreign currency translation adjustment	1,789	2,750
Remeasurements of defined benefit plans	984	966
Total accumulated other comprehensive income	3,116	4,092
Share subscription rights	950	941
Non-controlling interests	574	624
Total Net Assets	131,081	132,863
Total Liabilities and Net Assets	190,287	191,927

(2) Consolidated Statements of Income, and Comprehensive Income

Consolidated Statements of Income

1st quarter of FY2023/3 (April 1st, 2022 – June 30th, 2022)

(Millions of Yen)

	FY2022/3 Q1 (April 1 st , 2021- June 30 th , 2021)	FY2023/3 Q1 (April 1 st , 2022- June 30 th , 2022)
Net Sales	28,841	27,919
Cost of goods sold	17,413	15,940
Gross Profit on Sales	11,428	11,978
Selling, general and administrative expenses	5,440	6,287
Operating Profit	5,987	5,691
Non-operating income		
Interest income	5	7
Dividend income	25	35
Foreign exchange gains	-	401
Subsidy income	23	-
Gain on investments in investment partnerships	-	172
Compensation income	-	165
Reversal of costs to demolish existing buildings	44	-
Others	35	41
Total Non-operating income	134	824
Non-operating expenses		
Interest expenses	14	10
Foreign exchange loss	89	-
Others	5	7
Total Non-operating expenses	110	18
Recurring Profit	6,011	6,496
Extraordinary gains		
Gain on reversal of subscription rights to shares	3	5
Gain on liquidation of subsidiaries	9	-
Total Extraordinary gains	13	5
Profit before income taxes and minority interests	6,024	6,502
Income tax and other taxes	1,619	1,672
Adjustment on income tax	32	- 12
Total Income tax and others	1,651	1,660
Net Profit before minority interests	4,373	4,842
Net Profit (loss) attributable to minority interests	16	29
Net Profit attributable to Owners of the Parent	4,356	4,812

Consolidated Statements of Comprehensive Income
1st quarter of FY2023/3 (April 1st, 2022 – June 30th, 2022)

(Millions of Yen)

	FY2022/3 Q1 (April 1 st , 2021- June 30 th , 2021)	FY2023/3 Q1 (April 1 st , 2022- June 30 th , 2022)
Net Profit before minority interests	4,373	4,842
Accumulated other comprehensive income		
Holding gain or loss in investment	- 83	33
Foreign currency translation adjustment	484	981
Remeasurements of defined benefit plans	- 34	- 18
Total accumulated other comprehensive income	365	996
Comprehensive Income	4,738	5,839
(breakdown)		
Comprehensive income attributable to owners of the parent	4,716	5,788
Comprehensive income attributable to non-controlling interests	22	50

(3) Notes to Consolidated Financial Statements

(Note on Assumptions for Going Concern)

Not applicable.

(Significant Changes in Shareholder's Equity)

Not applicable.

(Changes in Accounting Principles)

1. Accounting Standard for Fair Value Measurement

The Group has also applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17th, 2021) from the beginning of FY2023/3, and in accordance with the transitional treatment provided for in Paragraph 27-2 of the Guidance, 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 Consolidated Financial Statements.

2. Change in the method of converting profits and expenses of overseas subsidiaries into Japanese Yen

Previously, income and expenses of overseas subsidiaries were translated into Japanese Yen at the spot exchange rate prevailing on the date of account settlement. However, since the importance of overseas sales by overseas subsidiaries and others is expected to increase in the future, the Company changed to a method of converting business results into Japanese Yen based on the average exchange rate during the period effective from the 1st quarter of FY2023/3 in order to mitigate the impact of temporary fluctuations in exchange rates on periodic profit and loss and more appropriately reflect the performance of overseas subsidiaries in the consolidated financial statements.

Since the retention period of documents related to financial statements at the Company is stipulated to be 10 years, it is practically impossible to apply the principle of retrospective application. Therefore, the Company has applied the method of translating financial statements into Japanese Yen at the average exchange rate during the period effective April 1, 2012.

The change in accounting policy has been applied retrospectively, and the consolidated financial statements for the FY2022/3 have been prepared on a retrospective basis.

As a result, compared with previous translation method, Sales for the 1st quarter of FY2022/3 decreased by ¥96 million, Operating profit decreased by ¥7 million, Recurring profit decreased by ¥8 million, and Net profit before income taxes and minority interests decreased by ¥8 million, respectively.

Due to the cumulative effect on net assets at the beginning of the FY2022/3, Retained earnings of the beginning of FY2022/3 decreased by ¥207 million, and Foreign currency translation adjustments increased by the same amount.

(Segment Information and Others)

Net sales, profit/loss assets/liabilities and/or others in reportable segments

1st quarter of FY2022/3 (April 1st, 2021 – June 30th, 2021)

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

	Reportable Segments			Consolidated Total
	SPE	Metrology Equipment	Total	
Sales				
Sales to third party:	22,729	6,111	28,841	28,841
Intersegment sales to transfer	-	-	-	-
Total	22,729	6,111	28,841	28,841
Segment Profit	5,320	667	5,987	5,987

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

1st quarter of FY2023/3 (April 1st, 2022 – June 30th, 2022)

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

	Reportable Segments			Consolidated Total
	SPE	Metrology Equipment	Total	
Sales				
Sales to third party:	21,135	6,783	27,919	27,919
Intersegment sales to transfer	-	-	-	-
Total	21,135	6,783	27,919	27,919
Segment Profit	5,049	641	5,691	5,691

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

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