

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

November 2nd, 2022

Company Name



Tokyo Seimitsu Co., Ltd.

Stock Listing: Tokyo

ACCRETECH

Code number: 7729

(URL: <https://www.accretech.jp/>)

Representative: Ryuichi Kimura, President and COO

Inquiries: Koichi Kawamura, Executive Vice President and CFO

Tel: +81-(0)42-642-1701

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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 half of FY2023/3 (April 1st – September 30th, 2022)

(1) Consolidated sales and earnings

(% 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 1H	71,076	16.1%	15,685	21.6%	16,561	27.7%	11,908	24.0%
FY2022/3 1H	61,199	35.7%	12,902	105.4%	12,965	102.1%	9,607	105.4%

Note: Comprehensive Income in FY2023/3 1H: 13,462 million yen (34.0%), in FY2022/3 1H: 10,047 million yen (165.6%)

	Net Profit per Share (Yen)	Net Profit per Share (diluted) (Yen)
FY2023/3 1H	292.86	290.07
FY2022/3 1H	234.36	232.11

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio
FY2023/3 1H	199,824	140,714	69.6%
FY2022/3	190,287	131,081	68.1%

Note: Equity in FY2023/3 1H: 138,997 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	-	109.00			
FY2023/3 (Projected)			-	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)
Full Year	145,000	10.9%	30,000	5.9%	31,100	6.6%	22,000	3.2%	541.00

Note: Changes due to revision of forecast: Yes

*** 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 1H	41,892,181 shares	FY2022/3	41,869,581 shares
2) Number of treasury stock at the end of period:	FY2023/3 1H	1,206,662 shares	FY2022/3	1,222,956 shares
3) Average Number of shares outstanding during the period:	FY2023/3 1H	40,664,177 shares	FY2022/3 1H	40,994,501 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 half of FY2023/3

(1) Overview of Business Performance

During the 1st half of Fiscal Year ending March, 2023 (FY2023/3), the global economy began to pick up, as the social and international travel restrictions, due to the COVID-19 pandemic, were eased. On the other hand, the worsening situation in Ukraine, and stagnant logistics, due to the partial lockdown in China, have caused shortage and inaccessibility of resources, energy, and raw materials; moreover, prices have continued to rise, spurring rapid inflation, exchange rate fluctuations, and rising interest rates. These factors are leading to concerns that the economy may slow down.

Under these circumstances, the Company's business environment, although orders and sales in the Semiconductor Production Equipment (SPE) segment remained high, was characterized by signs of a deceleration in capital investment by semiconductor and high-tech related companies, which are the customers of the SPE segment, due to decreased demand for consumer electronics products, and increased inventories of semiconductor devices. In contrast, the manufacturing industry, which constitutes the customer base of the Metrology Equipment segment, by and large, continued to gradually resume capital investment.

As a result, Consolidated Orders in the 1st half (accumulated 2nd quarter) of Fiscal Year 2023/3 (April 1st, 2022 – September 30th, 2022) were ¥80,200 million (down 8.7% YoY), Sales were ¥ 71,076 million (up 16.1% YoY), Operating Profit was ¥ 15,685 million (up 21.6% YoY), Recurring Profit was ¥ 16,561 million (up 27.7% YoY), and Net Profit Attributable to Owners of the Parent was ¥ 11,908 million (up 24.0% YoY).

This resulted in a new half-year peak in both Sales and each of the Profits.

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

[Semiconductor Production Equipment (SPE) Segment]

In the SPE segment, demand for equipment for logic devices and electronic components showed a decelerating trend, due to a decline in demand for consumer electronics products, such as mobile terminals. Therefore, Orders decreased YoY. On the other hand, demand for power devices, such as SiC, and for increased wafer production, remained steady.

On the production side, although component procurement continued to be difficult, the Company maintained a high level of both, the utilization ratio, and shipments, by expanding procurement sources, responding to design changes, etc. As a result, Sales increased YoY, but were affected by installation delays due to lockdowns in China, and transportation delays, caused by typhoons.

As a result, Orders for our SPE segment in the same period was ¥61,165 million (down 14.9% YoY), Sales was ¥ 55,400 million (up 16.7% YoY), and Operating Profit was ¥ 13,923 million (up 23.5% YoY).

[Metrology Equipment Segment]

In the Metrology Equipment segment, since the trend of recovery in capital investment in the manufacturing industry, as a whole, continued, it resulted in firm demand for machine parts, robots, semiconductor-related equipment, etc. Although automotive-related demand has not recovered completely as yet, Orders and Sales increased YoY.

As a result, Orders for our Metrology Equipment segment in the same period was ¥19,035 million (up 19.2% YoY), Sales was ¥15,675 million (up 14.1% YoY) and Operating Profit was ¥1,762 million (up 8.2% YoY).

(2) Analysis of Financial Position

[Assets, Liabilities and Net Assets]

Total Assets at September 30th, 2022 amounted to ¥199,824 million, an increase of ¥9,537 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 ¥6,979 million, an increase in accounts receivable such as Notes and accounts, Contract assets, and Electronically recorded monetary claims of ¥5,158 million, an increase in Construction in process of ¥3,683 million, and a decrease of Cash and cash equivalents of ¥4,236 million.

Total Liabilities decreased by ¥95 million to ¥59,110 million. This was mainly from a decrease in Long-term debt of ¥1,000 million, and an increase in accounts payable such as Notes and accounts payable and electronically recorded obligations-operating of ¥1,004 million.

Net Assets increased by ¥9,632 million and totaled ¥140,714 million; the Equity Ratio came to 69.6%.

[Overview of Cash Flows]

Cash and cash equivalents at of September 30th, 2022 amounted to ¥44,749 million, a decrease of ¥4,256 million from the end of FY2022/3. The status of cash flows during the period and factors behind them are given below.

(Cash flows from operating activities)

Net cash earned from operating activities was ¥4,611 million, mainly due to Profit before income taxes and minority interests of ¥16,626 million, an increase in Inventories of ¥6,563 million, Payment of income taxes of ¥5,016 million, increases in Notes and accounts receivable of ¥4,084 million, and Depreciation and amortization of ¥1,798 million.

(Cash flows from investing activities)

Net cash used in investment activities was ¥4,803 million, mainly reflected by Purchase of tangible fixed assets of ¥4,903 million.

(Cash flows from financing activities)

Net cash used in financing activities came to ¥5,120 million. The major elements of this were Dividend payments of ¥4,105 million, and Repayment of long-term debt of ¥1,000 million.

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

While the Metrology Equipment segment business continues to experience a moderate recovery, the SPE segment business faces a slowdown in capital investment demand, mainly due to a decline in demand for consumer electronics products. The Company anticipates this trend to continue throughout the current fiscal year. There have been some requests for adjustment of shipment timing in the SPE segment, and the Company is responding to these by adjusting production timing. Although the Company anticipates maintaining a high level of sales against the backdrop of a high order backlog, in view of the situation in the SPE segment business, it has revised the consolidated earnings forecast for the entire year, FY2023/3, as announced on May 10th, 2022.

(FY2023/3 Full Year)

	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Recurring Profit (Millions of Yen)	Net Income Attributable to Owners of the Parent (Millions of Yen)	Net Income per share (Yen)
Previous Forecast	150,000	31,100	31,100	22,000	541.00
Revised Forecast	145,000	30,000	31,100	22,000	541.00
Change (B-A)	- 5,000	-1,100	-	-	
Change ratio (%)	- 3.3%	-3.5%	-	-	
Results for the FY2022/3 Ended March 31 st , 2022	130,702	28,327	29,160	21,326	522.52

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 1H (September 30 th , 2022)
ASSETS		
Current Assets		
Cash and cash equivalents	49,033	44,796
Notes, accounts receivable and contract assets	32,204	37,924
Electronically recorded monetary claims	6,162	5,602
Merchandise and finished goods	2,852	3,123
Work in progress	26,222	30,000
Raw materials and supplies	11,251	14,181
Others	6,143	4,192
Allowance for doubtful accounts	- 40	- 44
Total current assets	133,829	139,776
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	16,614	16,508
Others(net)	26,865	30,470
Total Tangible Fixed Assets	43,479	46,979
Intangible Fixed Assets		
Goodwill	210	305
Others	3,459	3,313
Total Intangible Fixed Assets	3,670	3,619
Investments and other assets		
Others	9,420	9,562
Allowance for doubtful accounts	- 112	- 112
Total Investments and other assets	9,307	9,450
Total Fixed Assets	56,457	60,048
Total Assets	190,287	199,824

(Millions of Yen)

	FY2022/3 (March 31 st , 2022)	FY2023/3 1H (September 30 th , 2022)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	11,213	11,274
Electronically recorded obligations-operating	18,662	19,606
Short-term debt	1,300	1,300
Current portion of long-term debt	2,000	2,000
Income taxes payable	4,454	4,429
Contract liabilities	10,308	10,676
Reserves for bonus	1,704	2,702
Reserves for director's bonuses	14	131
Others	5,984	4,429
Total current liabilities	55,641	56,550
Fixed Liabilities		
Long-term debt	2,000	1,000
Allowance for director retirement benefits	45	51
Net defined benefit liabilities	1,128	1,176
Asset retirement obligations	64	65
Others	325	267
Total fixed liabilities	3,564	2,560
Total Liabilities	59,206	59,110
NET ASSETS		
Shareholder's Equity		
Common stock	11,000	11,042
Capital surplus	22,115	22,157
Retained earnings	98,914	106,717
Treasury stock	- 5,590	- 5,515
Total Shareholder's Equity	126,439	134,402
Accumulated other comprehensive income		
Holding gain or loss in investment	342	375
Foreign currency translation adjustment	1,789	3,271
Remeasurements of defined benefit plans	984	947
Total accumulated other comprehensive income	3,116	4,595
Share subscription rights	950	1,067
Non-controlling interests	574	648
Total Net Assets	131,081	140,714
Total Liabilities and Net Assets	190,287	199,824

(2) Consolidated Statements of Income, and Comprehensive Income

Consolidated Statements of Income

1st half of FY2023/3 (April 1st, 2022 – September 30th, 2022)

(Millions of Yen)

	FY2022/3 1H (April 1 st , 2021- September 30 th , 2021)	FY2023/3 1H (April 1 st , 2022- September 30 th , 2022)
Net Sales	61,199	71,076
Cost of goods sold	36,543	41,724
Gross Profit on Sales	24,655	29,351
Selling, general and administrative expenses	11,753	13,666
Operating Profit	12,902	15,685
Non-operating income		
Interest income	15	16
Dividend income	27	53
Foreign exchange gains	-	388
Subsidy income	23	-
Gain on investments in investment partnerships	-	172
Compensation income	-	188
Reversal of costs to demolish existing buildings	44	-
Others	90	101
Total Non-operating income	201	920
Non-operating expenses		
Interest expenses	28	19
Loss on transportation accident	-	14
Foreign exchange loss	94	-
Others	14	10
Total Non-operating expenses	137	44
Recurring Profit	12,965	16,561
Extraordinary gains		
Gain on reversal of subscription rights to shares	3	5
Gain on liquidation of subsidiaries	9	58
Total Extraordinary gains	13	64
Profit before income taxes and minority interests	12,978	16,626
Income tax and other taxes	3,206	4,751
Adjustment on income tax	133	- 71
Total Income tax and others	3,340	4,679
Net Profit before minority interests	9,637	11,947
Net Profit (loss) attributable to minority interests	30	38
Net Profit attributable to Owners of the Parent	9,607	11,908

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

(Millions of Yen)

	FY2022/3 1H (April 1 st , 2021- September 30 th , 2021)	FY2023/3 1H (April 1 st , 2022- September 30 th , 2022)
Net Profit before minority interests	9,637	11,947
Accumulated other comprehensive income		
Holding gain or loss in investment	- 70	33
Foreign currency translation adjustment	567	1,518
Remeasurements of defined benefit plans	- 87	- 36
Total accumulated other comprehensive income	409	1,515
Comprehensive Income	10,047	13,462
(breakdown)		
Comprehensive income attributable to owners of the parent	10,016	13,387
Comprehensive income attributable to non-controlling interests	30	74

(3) Consolidated Statements of Cash Flows

	FY2022/3 1H (April 1 st , 2021- September 30 th , 2021)	FY2023/3 1H (April 1 st , 2022- September 30 th , 2022)
Cash flows from operating activities:		
Profit before income taxes and minority interests	12,978	16,626
Depreciation	1,711	1,798
Amortization of goodwill	14	20
Stock related expense	173	136
Change in Net defined benefit liability (-: decrease)	- 12	53
Change in allowance for director retirement benefits (-:decrease)	- 8	5
Change in allowance for doubtful accounts (-:decrease)	- 2	1
Interest and dividend income	- 42	- 69
Interest expense	28	19
Subsidy Income	- 23	-
Gain on investments in investment partnerships (- : gain)	- 0	- 172
Gain on liquidation of subsidiaries	- 9	- 58
Change in trade notes and accounts receivable (-: increase)	- 1,220	- 4,084
Change in inventories (-: increase)	- 2,938	- 6,563
Change in trade notes and accounts payable(-:decrease)	3,357	113
Change in contract liabilities (-:decrease)	3,761	45
Others	717	1,703
Subtotal	18,484	9,575
Proceeds from interest and dividend income	42	70
Payment of interest	- 28	- 18
Proceeds from Subsidy Income	23	-
Payment/Refund of income taxes (-: payment)	- 3,930	- 5,016
Net cash provided by (used in) operating activities	14,592	4,611
Cash flows from investing activities:		
Payment for time deposits	- 10	- 29
Proceeds from time deposits	10	10
Payment for purchase of tangible fixed assets	- 1,789	- 4,903
Proceeds from sales of tangible fixed assets	15	6
Payment for purchase of intangible fixed assets	- 143	- 151
Acquisition of goodwill	-	- 77
Payment for purchase of investment securities	- 1	- 1
Payment for investment to investment partnerships	- 84	- 7
Proceeds from distributions from investment partnerships	99	320
Proceeds from liquidation of subsidiaries	33	79
Payment for loans receivable	-	- 1
Proceeds from collection of loans receivable	0	0
Payments of leasehold and guarantee deposits	- 0	- 50
Proceeds from refund of leasehold and guarantee deposits	44	3
Net cash provided by (used in) investing activities	- 1,826	- 4,803
Cash flows from financing activities:		
Repayment of long-term debt	- 1,000	- 1,000
Repayment of lease liability	- 68	- 84
Proceeds from exercise of stock options	134	69
Payments for purchase of treasury stock	- 2,501	- 0
Dividend payments	- 2,544	- 4,105
Net cash provided by (used in) financing activities	- 5,979	- 5,120
Effect of exchange rate changes on cash and cash equivalents	345	1,055
Net increase/decrease in cash and cash equivalents (-: decrease)	7,131	- 4,256
Cash and cash equivalents at beginning of year	43,624	49,006
Cash and cash equivalents at end of year	50,755	44,749

(4) 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 1st, 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 2nd quarter of FY2022/3 decreased by ¥264 million, Operating profit decreased by ¥25 million, Recurring profit decreased by ¥26 million, and Net profit before income taxes and minority interests decreased by ¥26 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 half of FY2022/3 (April 1st, 2021 – September 30th, 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:	47,461	13,738	61,199
Intersegment sales to transfer	-	-	-
Total	47,461	13,738	61,199
Segment Profit	11,273	1,628	12,902

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

1st half of FY2023/3 (April 1st, 2022 – September 30th, 2022)

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:	55,400	15,675	71,076
Intersegment sales to transfer	-	-	-
Total	55,400	15,675	71,076
Segment Profit	13,923	1,726	15,685

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

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