

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

August 3rd, 2021

Company Name



Tokyo Seimitsu Co., Ltd.

Stock Listing: First Section TSE

ACCRETECH

Code number: 7729

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

Representative: Hitoshi Yoshida, President and CEO

Inquiries: Koichi Kawamura, Representative Director and CFO

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

Date of Quarterly Financial Statement Filing (planned) : August 6th, 2021

Dividend Payment Date (planned): -

Supplementary Document for Quarterly Financial Results : Yes

Holding of Financial Results Meeting: No

(Millions of yen, rounded down)

1. Consolidated Results for 1st Quarter of FY2022/3 (April 1st – June 30th, 2021)

(1) Consolidated sales and earnings

(Percentage figures represent changes from 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 Q1	28,937	37.3%	5,995	88.7%	6,019	79.9%	4,352	76.2%
FY2021/3 Q1	21,070	17.3%	3,176	76.2%	3,345	76.5%	2,470	76.1%

Note: Comprehensive Income in FY2022/3 Q1: 4,718 million yen (185.1%), in FY2021/3 Q1: 1,655 million yen (66.9%)

	Net Profit per Share (Yen)	Net Profit per Share (diluted) (Yen)
FY2022/3 Q1	105.98	104.93
FY2021/3 Q1	59.30	58.88

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio
FY2022/3 Q1	167,967	118,923	70.0%
FY2021/3	161,556	116,777	71.4%

Note: Equity in FY2022/3 Q1: 117,574 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	-				
FY2022/3 (Projected)		65.00	-	65.00	130.00

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)
Interim	59,000	30.8%	10,800	71.9%	10,800	68.4%	7,500	60.4%	182.70
Full Year	118,000	21.5%	22,000	41.4%	22,000	38.6%	15,200	24.8%	370.30

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 Q1	41,819,881 shares	FY2021/3	41,759,981 shares
-------------	-------------------	----------	-------------------

2) Number of treasury shares at the end of period:

FY2022/3 Q1	715,278 shares	FY2021/3	715,164 shares
-------------	----------------	----------	----------------

3) Average Number of shares outstanding during the period:

FY2022/3 Q1	41,063,521 shares	FY2021/3 Q1	41,663,872 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**

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Contents of supplementary statement

1. Qualitative information on Business Performance for 1st 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 1st quarter of FY2022/3

(1) Overview of Business Performance

In the 1st quarter of Fiscal Year ending March 2022 (FY2022/3), worldwide economies are expected to see positive impacts from the expansion COVID-19 of vaccination rollouts in developed countries such as European countries and Japan, along with the economic recovery already underway in China and the USA that have advanced COVID-19 vaccinations. Under these circumstances, the demand for semiconductors among various industries increased and entire manufacturing industries show signs of recovery. On the other hand, there are some unforeseen situations including the shortage of semiconductors and related materials.

Under these business conditions, Consolidated Orders in the 1st quarter of Fiscal Year 2022/3 (April 1st, 2021 – June 30th, 2021) were ¥41,711 million (up 123.6% YoY), Sales were ¥28,937 million (up 37.3% YoY), Operating Profit was ¥5,995 million (up 88.7% YoY), Recurring Profit was ¥6,019 million (up 79.9% YoY), and Net Profit Attributable to Owners of the Parent was ¥4,352 million (up 76.2% YoY).

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

[Semiconductor Production Equipment (SPE) Segment]

In the SPE business segment, in addition to the solid demand for Logic devices and electronic components continuing from FY2021/3 for the expansion of 5G networks and remote work, the demand for automotive semiconductors and power semiconductors underpinned by the active development of Electric Vehicles was steady. In addition, demand from China focused on expanding their semiconductor industry remains strong. Consequently, Orders in the period remain at high levels as seen in the previous quarter. Production and shipments were at high levels as well.

As a result, Orders for our SPE segment in the same period was ¥33,853 million (up 162.4% YoY), Sales was ¥22,796 million (up 47.7% YoY), and Operating Profit was ¥5,328 million (up 88.2% YoY).

[Metrology Equipment Segment]

In our Metrology Equipment segment, capital investment across the entire manufacturing sector shifted to gradual recovery from the stagnated situation from COVID-19, and the automotive industry, that is our main customer, showed a steady recovering. Also, on the back of market expansion efforts in NEV, Healthcare, and Precision machinery areas, both Orders and Sales increased in the Metrology segment YoY.

As a result, Orders for our Metrology Equipment segment in the same period was ¥7,858 million (up 36.6% YoY), Sales was ¥6,141 million (up 8.9% YoY) and Operating Profit was ¥666 million (up 93.5% YoY).

(2) Analysis of Financial Position

[Assets, Liabilities and Net Assets]

Total Assets as at June 30th, 2021 amounted to ¥167,967 million, an increase of ¥6,411 million from the end of FY2021/3. The major factors behind this change include increases in Cash and cash equivalents of ¥5,362 million, in Inventories including merchandise and finished goods, Raw materials and supplies and Work in progress of ¥2,560 million, and in Notes and accounts receivable (including electronically recorded monetary claims) of ¥700 million.

Total Liabilities increased by ¥4,265 million to ¥49,043 million. This was mainly from an increase in Notes and accounts payable (including electronically recorded obligations-operating) of ¥3,891 million and decreases in Income taxes payable of ¥2,083 million and in Long-term debt of ¥1,000 million.

Net Assets increased by ¥2,145 million and totaled ¥118,923 million; the Equity Ratio came to 70.0%.

(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 May 10th, 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 , 2020)	FY2022/3 Q1 (June 30 th , 2021)
ASSETS		
Current Assets		
Cash and cash equivalents	43,657	49,019
Notes, accounts receivable and contract assets	27,304	27,332
Electronically recorded monetary claims	3,642	4,314
Merchandise and finished goods	2,657	2,534
Work in progress	22,028	23,321
Raw materials and supplies	8,200	9,591
Others	4,076	2,018
Allowance for doubtful accounts	- 50	- 48
Total current assets	111,516	118,083
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	17,082	16,924
Others(net)	19,562	19,736
Total Tangible Fixed Assets	36,645	36,660
Intangible fixed assets		
Goodwill	220	226
Others	3,769	3,652
Total Intangible Fixed Assets	3,989	3,878
Investments and other assets		
Others	9,517	9,455
Allowance for doubtful accounts	- 112	- 112
Total Investments and other assets	9,405	9,343
Total Fixed Assets	50,039	49,883
Total Assets	161,556	167,967

(Millions of Yen)

	FY2021/3 (March 31 st , 2020)	FY2022/3 Q1 (June 30 th , 2021)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	9,379	10,872
Electronically recorded obligations-operating	13,682	16,081
Short-term debt	1,300	1,300
Current portion of long-term debt	2,000	2,000
Income taxes payable	3,935	1,851
Reserves for bonus	1,381	2,078
Reserves for director's bonuses	2	2
Others	7,614	10,410
Total current liabilities	39,296	44,597
Fixed Liabilities		
Long-term debt	4,000	3,000
Allowance for director retirement benefits	47	36
Net defined benefit liabilities	1,059	1,039
Asset retirement obligations	64	64
Others	310	304
Total fixed liabilities	5,482	4,446
Total Liabilities	44,778	49,043
NET ASSETS		
Shareholder's Equity		
Common stock	10,818	10,907
Capital surplus	21,918	22,007
Retained earnings	83,874	85,559
Treasury stock	- 3,124	- 3,124
Total Shareholder's Equity	113,487	115,348
Accumulated other comprehensive income		
Holding gain or loss in investment	476	392
Foreign currency translation adjustment	220	682
Remeasurements of defined benefit plans	1,184	1,149
Total accumulated other comprehensive income	1,881	2,225
Share subscription rights	892	809
Non-controlling interests	516	539
Total Net Assets	116,777	118,923
Total Liabilities and Net Assets	161,556	167,967

(2) Consolidated Statements of Income, and Comprehensive Income

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

	FY2021/3 Q1 (April 1 st , 2020- June 30 th , 2020)	FY2022/3 Q1 (April 1 st , 2021- June 30 th , 2021)
	(Millions of Yen)	
Net Sales	21,070	28,937
Cost of goods sold	12,863	17,484
Gross Profit on Sales	8,207	11,453
Selling, general and administrative expenses	5,030	5,457
Operating Profit	3,176	5,995
Non-operating income		
Interest income	4	6
Dividend income	28	25
Foreign exchange gains	93	-
Subsidy income	29	24
Reversal of costs to demolish existing buildings	-	44
Others	38	35
Total Non-operating income	194	135
Non-operating expenses		
Interest expenses	19	14
Foreign exchange loss	-	90
Others	5	5
Total Non-operating expenses	25	110
Recurring Profit	3,345	6,019
Extraordinary gains		
Gain on reversal of subscription rights to shares	6	3
Gain on liquidation of subsidiaries	-	9
Total Extraordinary gains	6	13
Profit before income taxes and minority interests	3,351	6,033
Income tax and other taxes	778	1,623
Adjustment on income tax	107	41
Total Income tax and others	886	1,664
Net Profit before minority interests	2,465	4,368
Net Profit (loss) attributable to minority interests	- 4	16
Net Profit (loss) attributable to Owners of the Parent	2,470	4,352

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

(Millions of Yen)

	FY2021/3 Q1 (April 1 st , 2020- June 30 th , 2020)	FY2022/3 Q1 (April 1 st , 2021- June 30 th , 2021)
Net Profit before minority interests	2,465	4,368
Accumulated other comprehensive income		
Holding gain or loss in investment	101	- 83
Foreign currency translation adjustment	- 807	468
Remeasurements of defined benefit plans	- 104	- 34
Total accumulated other comprehensive income	- 810	350
Comprehensive Income	1,655	4,718
(breakdown)		
Comprehensive income attributable to owners of the parent	1,674	4,696
Comprehensive income attributable to non-controlling interests	- 19	22

(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 Revenue Recognition

Tokyo Seimitsu Group (hereinafter referred to as “the Group”) has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) (hereinafter referred to as “the Revenue Recognition Standard”) from the beginning of 1st quarter of FY2022/3 in relation to transferring control of goods and services promised to a customer, 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) Sales of Products

A majority of the Groups' sales include product transfers and warranty services for certain periods in accordance with contracts with customers. In the past, when the customer possessed control of the products and the Company was considered to have met its required obligations, the Group recognized the all revenues. However, under the Revenue Recognition Standard, the warranty services will now be evenly apportioned and recognized during the warranty period.

(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 the 1st quarter 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 the 1st quarter of FY2022/3.

The impact of the application of the new Revenue Recognition Standard, in the accumulated 1st quarter, has resulted in adjustments as follows: Sales decreased by ¥51 million; Selling, general and administrative expenses decreased by ¥13 million; and Operating profit, Recurring Profit, and Profit before income taxes and minority interests simultaneously decreased by ¥37 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 1st quarter of FY2022/3 year, 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)

1st quarter of FY2021/3 (April 1st, 2020 – June 30th, 2020)

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:	15,432	5,638	21,070	21,070
Intersegment sales to transfer	-	-	-	-
Total	15,432	5,638	21,070	21,070
Segment Profit	2,832	344	3,176	3,176

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

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:	22,796	6,141	28,937	28,937
Intersegment sales to transfer	-	-	-	-
Total	22,796	6,141	28,937	28,937
Segment Profit	5,328	666	5,995	5,995

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

End of Document