

Consolidated Financial Statements for the First Half of the Fiscal Year Ending March 31st, 2021 (FY2021/3), Japan GAAP

November 11th, 2020

Company Name



Tokyo Seimitsu Co., Ltd.

Stock Listing: First Section TSE

ACCRETECH

Code number: 7729

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Dividend Payable Date: December 14th, 2020

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 1st Half of FY2021/3 (April 1st – September 30th, 2020)

(1) Consolidated sales and earnings

(% 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)	
FY2021/3 1H	45,112	7.4%	6,282	12.4%	6,415	11.7%	4,677	9.8%
FY2020/3 1H	41,994	- 18.0%	5,589	- 45.5%	5,741	- 46.7%	4,262	- 46.0%

Note: Comprehensive Income in FY2021/3 1H: 3,782 million yen (5.0%), in FY2020/3 1H: 3,601 million yen (- 48.0%)

	Net Profit per Share (Yen)	Net Profit per Share (diluted) (Yen)
FY2021/3 1H	112.27	111.45
FY2020/3 1H	102.39	101.76

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio
FY2021/3 1H	149,952	112,129	73.8%
FY2020/3	146,549	109,674	73.9%

Note: Equity in FY2021/3 1H: 110,695 million yen, in FY2020/3: 108,357 million yen

2. Dividends

	Per Share Dividend in Fiscal Year				
	Q1 End	Q2 End	Q3 End	Q4 End	Total
	Yen	Yen	Yen	Yen	Yen
FY2020/3	-	38.00	-	38.00	76.00
FY2021/3	-	42.00			
FY2021/3 (Projected)			-	42.00	84.00

Notes: Changes due to revision of dividend projection: Yes

Please also refer to News release “Tokyo Seimitsu Announces Interim Dividend and Projection of Year-end Dividend for Fiscal Year Ending March 31st, 2021” separately announced today (November 11th, 2020).

2. Forecast for FY2021/3 (April 1st, 2020 - March 31st, 2021)

(% 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	92,000	4.6%	13,200	7.5%	13,300	7.6%	10,000	39.7%	239.98

Note: Changes due to revision of forecast: Yes

Please also refer to News release “Tokyo Seimitsu Announces Forecasts for Fiscal Year Ending March 31st, 2021” separately announced today (November 11th, 2020).

*** 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.: No

2) Changes other than 1): No

3) Changes in accounting estimates: No

4) Restatement: No

(3) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of period (including treasury shares):

FY2021/3 1H	41,710,981 shares	FY2020/3	41,695,381 shares
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2) Number of treasury shares at the end of period:

FY2021/3 1H	37,262 shares	FY2020/3	37,207 shares
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3) Average Number of shares outstanding during the period:

FY2021/3 1H	41,667,966 shares	FY2020/3 1H	41,626,275 shares
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*** 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 FY2021/3

(1) Overview of Business Performance

In the 1st half of the Fiscal Year ending March 2021 (FY2021/3), worldwide economies continue to be deeply stagnant due to the constraints of business activities from the spread of COVID-19. Within this circumstance, Semiconductor related businesses became one of the few industries that remained solid with the spread and expansion of 5G and remote work.

Under these business conditions, Consolidated Orders in the accumulated 2nd quarter (1st half) of Fiscal Year 2021/3 (April 1st, - September 30th, 2020) were ¥39,612 million (up 3.4% YoY), Sales were ¥45,112 million (up 7.4% YoY), Operating Profit was ¥6,282 million (up 12.4% YoY), Recurring Profit was ¥6,415 million (up 11.7% YoY) and Net Profit Attributable to Owners of the Parent was ¥4,677 million (up 9.8% YoY).

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

[Semiconductor Production Equipment (SPE) Segment]

In the SPE business segment, Sales and Profits increased YoY due to the shipment of machines for logic devices and electronic components because semiconductor and electric components companies continue to operate despite the COVID-19 pandemic and also because the dissemination of 5G continues to be advanced.

Orders also increased YoY. Although some orders, mainly from Taiwan OSAT, were adjusted in the 1st quarter due to the trade conflict between the USA and China, the demand for electronic components such as Filtering devices were higher and orders from semiconductor and electronic components companies in China increased.

Orders for our SPE segment in the same period was ¥28,835 million (up 26.0% YoY), Sales was ¥33,407 million (up 21.3% YoY), and Operating Profit was ¥5,682 million (up 51.2% YoY).

[Metrology Equipment Segment]

In the Metrology Equipment segment, in addition to the slowdown of capital investment demands across the entire manufacturing industries which started in the previous fiscal year, there were bigger impacts of the spread of COVID-19 mainly in the supply-chains of the Automobile industry. Under these business conditions, in the entire term, our sales, production, and shipping activities were limited and both Orders and Sales in the Metrology segment decreased YoY.

As a result, Orders in our Metrology Equipment segment in the same period was ¥10,776 million (down 30.1% YoY), Sales was ¥11,704 million (down 19.0% YoY) and Operating Profit was ¥599 million (down 67.2% YoY).

(2) Analysis of Financial Position

[Assets, Liabilities and Net Assets]

Total Assets as of September 30th, 2020 amounted to ¥149,952 million, an increase of ¥3,403 million from the end of FY2020/3. The major factors behind this change include increases in Cash and cash equivalents of ¥6,135 million and Building and structures of ¥1,793 million and a decrease in Notes and accounts receivable (including electronically recorded monetary claims) of ¥2,603 million.

Total Liabilities as of September 30th, 2020 increased by ¥948 million to ¥37,823 million from the end of FY2020/3. This was mainly from an increase in Notes and accounts payable (including electronically recorded obligations-operating) of ¥1,675 million and a decrease in Long-term debt of ¥1,000 million.

Net Assets as of September 30th, 2020 increased by ¥2,454 million and totaled ¥112,129 million and, the Equity Ratio became 73.8%.

[Overview of Cash Flows]

Cash and cash equivalents as of September 30th, 2020 amounted to ¥40,745 million, an increase of ¥6,139 million from the end of FY2020/3. 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 ¥12,516 million, mainly due to Profit before income taxes and minority interests of ¥6,127 million, a decrease in Notes and accounts receivable of ¥2,613 million, Depreciation and amortization of ¥1,674 million, an increase in Notes and accounts payable of ¥1,619 million and Payment of income taxes of ¥550 million.

(Cash flows from investing activities)

Net cash used in investment activities was ¥3,767 million, mainly reflected by Purchase of tangible fixed assets of ¥3,671 million and Purchase of intangible fixed assets of ¥117 million.

(Cash flows from financing activities)

Net cash used in financing activities came to ¥2,612 million. The major elements of this were Payment of dividends of ¥1,583 million and Repayment of long-term debt of ¥1,000 million.

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

Although the Company did not announce business forecasts for the Full Year Forecast due to the difficulty to reasonably estimate the impact of COVID-19 on the macro-economy, the Company announces the financial estimates for Fiscal Year 2021/3 (April 1st, 2020 to March 31st, 2021) based on the latest market environment and our business situation as set out below.

Also, the Company anticipates paying ¥84 per share as dividend payments in the FY2021/3 (¥42 per share interim and ¥42 per share year-end dividend). Please refer to the news release “Tokyo Seimitsu Announces Interim Dividend and Projection of Year-end Dividend for Fiscal Year Ending March 31st, 2021” separately announced today (November 11th, 2020).

	FY2021/3 Full Year
Sales	¥92.0 billion (up 4.6% YoY)
SPE	¥68.4 billion (up 21.7% YoY)
Metrology	¥23.6 billion (down 25.6% YoY)
Operating Profit	¥13.2 billion (up 7.5% YoY)
Recurring Profit	¥13.3 billion (up 7.6% YoY)
Net Profit attributable to owners of the parent	¥10.0 billion (up 39.7% YoY)

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)

	FY2020/3 (March 31 st , 2020)	FY2021/3 1H (September 30 th , 2020)
ASSETS		
Current Assets		
Cash and cash equivalents	34,640	40,776
Notes and accounts receivable	24,279	22,027
Electronically recorded monetary claims	5,353	5,002
Merchandise and finished goods	2,344	2,746
Work in progress	20,120	18,749
Raw materials and supplies	7,687	8,403
Others	3,389	1,920
Allowance for doubtful accounts	- 44	- 42
Total current assets	97,771	99,584
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	14,037	15,830
Others(net)	20,552	20,609
Total Tangible Fixed Assets	34,589	36,439
Intangible Fixed Assets		
Goodwill	263	243
Others	4,282	4,080
Total Intangible Fixed Assets	4,546	4,323
Investments and other assets	9,642	9,605
Total Fixed Assets	48,777	50,368
Total Assets	146,549	149,952

(Millions of Yen)

	FY2020/3 (March 31 st , 2020)	FY2021/3 1H (September 30 th , 2020)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	7,500	7,014
Electronically recorded obligations-operating	9,395	11,556
Short-term debt	1,300	1,300
Current portion of long-term debt	2,000	2,000
Income taxes payable	593	1,299
Allowances	1,346	1,409
Others	6,881	6,369
Total current liabilities	29,017	30,950
Fixed Liabilities		
Long-term debt	6,000	5,000
Allowance for director retirement benefits	60	66
Net defined benefit liabilities	1,157	1,217
Asset retirement obligations	297	276
Others	342	312
Total fixed liabilities	7,857	6,872
Total Liabilities	36,874	37,823
NET ASSETS		
Shareholder's Equity		
Common stock	10,703	10,725
Capital surplus	21,721	21,821
Retained earnings	75,032	78,127
Treasury stock	- 122	- 122
Total Shareholder's Equity	107,334	110,551
Accumulated other comprehensive income		
Holding gain or loss in investment	117	231
Foreign currency translation adjustment	670	- 194
Remeasurements of defined benefit plans	234	107
Total accumulated other comprehensive income	1,022	143
Share subscription rights	770	904
Non-controlling interests	546	529
Total Net Assets	109,674	112,129
Total Liabilities and Net Assets	146,549	149,952

(2) Consolidated Statements of Income, and Comprehensive Income

(Consolidated Statements of Income)

(1st half of FY2021/3(April 1st, 2020 – September 30th, 2020))

(Millions of Yen)

	FY2020/3 1H (April 1 st , 2019- September 30 th , 2019)	FY2021/3 1H (April 1 st , 2020- September 30 th , 2020)
Net Sales	41,994	45,112
Cost of goods sold	25,549	28,296
Gross Profit on Sales	16,444	16,815
Selling, general and administrative expenses	10,855	10,533
Operating Profit (Loss)	5,589	6,282
Non-operating income		
Interest income	16	8
Dividend income	48	47
Foreign exchange gains	115	-
Subsidy income	-	76
Others	29	87
Total Non-operating income	210	219
Non-operating expenses		
Interest expenses	40	40
Foreign exchange loss	-	37
Others	16	8
Total Non-operating expenses	57	85
Recurring Profit (Loss)	5,741	6,415
Extraordinary gains		
Gain on sales of investment securities	10	-
Gain on reversal of subscription rights to shares	2	6
Total Extraordinary gains	12	6
Extraordinary losses		
Costs to demolish existing buildings	-	292
Others	-	1
Total Extraordinary losses	-	293
Profit (Loss) before income taxes and minority interests	5,754	6,127
Income tax and other taxes	1,583	1,293
Adjustment on income tax	- 68	166
Total Income tax and others	1,515	1,459
Profit (Loss) before minority interests	4,238	4,668
Net Profit(Loss) attributable to minority interests	- 23	- 9
Net Profit(Loss) attributable to Owners of the Parent	4,262	4,677

(Consolidated Statements of Comprehensive Income)
(1st half of FY2021/3(April 1st, 2020 – September 30th, 2020))

(Millions of Yen)

	FY2020/3 1H (April 1 st , 2019- September 30 th , 2019)	FY2021/3 1H (April 1 st , 2020 - September 30 th , 2020)
Profit (Loss) before minority interests	4,238	4,668
Accumulated other comprehensive income		
Holding gain or loss in investment	- 416	114
Foreign currency translation adjustment	- 78	- 872
Remeasurements of defined benefit plans	- 141	- 126
Total accumulated other comprehensive income	- 636	- 885
Comprehensive Income	3,601	3,782
(breakdown)		
Comprehensive income attributable to owners of the parent	3,621	3,799
Comprehensive income attributable to non-controlling interests	- 20	- 16

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2020/3 1H (April 1 st , 2019- September 30 th , 2019)	FY2021/3 1H (April 1 st , 2020 - September 30 th , 2020)
Cash flows from operating activities:		
Profit(loss) before income taxes and minority interests	5,754	6,127
Depreciation and amortization	1,633	1,674
Amortization of goodwill	34	14
Stock related expense	113	149
Change in allowance for employee retirement benefits (-:decrease)	294	- 32
Change in allowance for director retirement benefits (-:decrease)	1	6
Change in allowance for doubtful accounts (-:decrease)	- 26	- 1
Interest and dividend income	- 64	- 55
Interest expense	40	40
Change in trade notes and accounts receivable (-: increase)	8,759	2,613
Change in inventories (-: increase)	56	198
Change in trade notes and accounts payable(-:decrease)	- 10,596	1,619
Others	265	700
Subtotal	6,266	13,053
Proceeds from interest and dividend income	64	55
Payment of interest	- 42	- 41
Payment/Refund of income taxes (-: payment)	- 4,131	- 550
Net cash provided by (used in) operating activities	2,157	12,516
Cash flows from investing activities:		
Payment for time deposits	- 120	- 10
Proceeds from time deposits	192	14
Payment for purchase of tangible fixed assets	- 2,240	- 3,671
Proceeds from sales of tangible fixed assets	8	31
Payment for purchase of intangible fixed assets	- 749	- 117
Payment for purchase of investment securities	- 49	- 6
Proceeds from sales of investment securities	41	-
Payment for purchase of investments in capital of affiliates	- 31	-
Proceeds from collection of loans receivable	1	1
Payments for lease deposits and guarantee deposits	- 7	- 8
Proceed from collection of lease deposits and guarantee deposits	166	1
Net cash provided by (used in) investing activities	- 2,789	- 3,767
Cash flows from financing activities:		
Repayment of long-term debt	- 1,000	- 1,000
Repayment of lease liability	- 56	- 63
Proceeds from exercise of stock options	13	33
Dividend payments	- 2,743	- 1,583
Others	- 0	- 0
Net cash provided by (used in) financing activities	- 3,786	- 2,612
Effect of exchange rate changes on cash and cash equivalents	- 297	2
Net increase/decrease in cash and cash equivalents (-: decrease)	- 4,715	6,139
Cash and cash equivalents at beginning of year	41,290	34,605
Cash and cash equivalents at end of year	36,574	40,745

(4) Notes

(Note on Assumptions for Going Concern)

Not applicable.

(Significant Changes in Shareholder's Equity)

Not applicable.

(Changes in Accounting Principles)

Not applicable.

(Segment Information and others)

1st Half of FY2020/3 (April 1st, 2019 – September 30th, 2019)

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:	27,551	14,443	41,994	41,994
Intersegment sales to transfer	-	-	-	-
Total	27,551	14,443	41,994	41,994
Segment Profit	3,757	1,831	5,589	5,589

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

1st Half of FY2021/3 (April 1st, 2020 – September 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:	33,407	11,704	45,112	45,112
Intersegment sales to transfer	-	-	-	-
Total	33,407	11,704	45,112	45,112
Segment Profit	5,682	599	6,282	6,282

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

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