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February 10, 2022

Consolidated Financial Results
for the Nine Months Ended December 31, 2021
(Under Japanese GAAP)

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 Listing: Tokyo Stock Exchanges, First Section
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 Scheduled date to file quarterly securities report: February 14, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2021	28,131	6.1	1,172	(11.9)	1,386	(7.0)	834	(11.6)
December 31, 2020	26,526	(11.0)	1,330	(52.7)	1,491	(50.1)	943	(55.0)

Note: Comprehensive income For the nine months ended December 31, 2021 ¥ 1,433 million (5.0) %
 For the nine months ended December 31, 2020 ¥ 1,508 million (31.3) %

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2021	37.12	-
December 31, 2020	41.27	-

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of fiscal 2021 ending March 31, 2022, and the figures for the nine months ended December 31, 2021 are shown after the application of this accounting standard.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
December 31, 2021	59,398	44,205	74.1	1,966.65
March 31, 2021	58,607	44,984	76.8	1,967.34

Reference: Equity

As of December 31, 2021 ¥43,996 million
 As of March 31, 2021 ¥44,984 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	-	10.00	-	41.00	51.00
Fiscal year ending March 31, 2022	-	18.00	-		
Fiscal year ending March 31, 2022 (Forecast)				42.00	60.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated operating results for the fiscal year ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

Fiscal year ending March 31, 2022	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	42,200	9.1	2,400	(6.7)	2,600	(8.5)	1,900	(3.1)	84.62

Note: Revisions to the forecast of consolidated operating results most recently announced: Yes

For the consolidated financial forecast, please see the “Notice Concerning Revisions to Consolidated Full-Year Financial Results Forecasts for the Fiscal Year Ending March 31, 2022” issued on February 10, 2022.

*Notes

(1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: (Company name:)

Excluded: (Company name:)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

For details, see “Application of special accounting methods in the creation of quarterly consolidated financial statements” on p.8.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

For details, see “Changes in accounting policies” on p.8.

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2021	23,781,394 shares
As of March 31, 2021	23,781,394 shares

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

As of December 31, 2021	1,410,246 shares
As of March 31, 2021	915,593 shares

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2021	22,480,482 shares
Nine months ended December 31, 2020	22,865,991 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Statements concerning the future such as the results forecasts, etc., included in this document are based on currently available information and certain assumptions judged reasonable and actual results, etc., may differ due to various factors. Please refer to “Description of consolidated operating forecasts and other forward-looking information” on p.3 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information concerning consolidated financial results

Forward-looking statements contained herein are based on the Group's judgment as of December 31, 2021. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of fiscal 2021, the year ending March 31, 2022, and the figures for the nine months ended December 31, 2021 are shown after the application of this accounting standard.

(1) Description of operating results

During the nine months ended December 31, 2021, the Japanese economy saw economic activity increasingly return to normal, supported by broad distributing COVID-19 vaccinations, in addition to a recovery trend in the Chinese, Europe and U.S. economies. However, concerns emerged about the economic impact of surging prices for raw materials and supplies and shortages in semiconductor and electronic components, disruptions to logistics networks and, furthermore, the outbreak of a new variant strain in Japan. Among the Group's main customers, investments were strong in relation to electronics, and automobile-related investments were also firm, underpinned by digitization and decarbonization in society. The Group's initiatives included strengthening activities centered on markets related to 5G and IoT where investment is likely to expand and markets related to automated driving and electrification of automobiles. Orders received have been brisk. On the manufacturing front, delays in the procurement of electronic components and other items continued to occur. In response, the Group kept on implementing countermeasures such as procuring alternatives and making design changes.

As a result, in the consolidated results for the nine months ended December 31, 2021, the amount of orders received increased 41.2% year on year to ¥38,752 million. However, net sales were held to an increase of only 6.1% to ¥28,131 million. This result mainly reflected impacts such as longer product delivery times due to component shortages. On the earnings front, operating profit decreased 11.9% year on year to a profit of ¥1,172 million, driven by increase of sales, general, and administrative expenses. Profit attributable to owners of parent decreased 11.6% year on year to ¥834 million.

	Previous consolidated 3 rd quarter (fiscal 2020) (Millions of yen)	This consolidated 3 rd quarter (fiscal 2021) (Millions of yen)	Change (%)
Orders received	27,448	38,752	41.2
Net sales	26,526	28,131	6.1
Operating profit	1,330	1,172	(11.9)
Ordinary profit	1,491	1,386	(7.0)
Profit attributable to owners of parent	943	834	(11.6)

Performance by segment

This consolidated 3rd quarter (Fiscal 2021)

	Orders received (Millions of yen)	Net sales (Millions of yen)	Operating profit (loss) (Millions of yen)
Equipment business	33,007	23,237	951
Service business	4,993	4,472	311
Other business	956	612	(89)
Elimination	(205)	(190)	(0)
Total	38,752	28,131	1,172

Equipment business

In the environmental test chambers field, particularly the Japanese market, orders received increased year on year both for versatile standardized products and customized products, but net sales decreased. In overseas markets, orders received were strong. Net sales increased year on year in China, North America, Europe, Southeast Asia and Taiwan, but decreased in South Korea.

In the energy devices equipment field, both orders received and net sales increased year on year and orders were acquired for evaluation systems for secondary batteries due to recovery in automotive-related investment.

In the semiconductor equipment field, orders received were on a par with the same period of the previous fiscal year while investment related to memory and automobiles continued, but net sales decreased.

As a result, the equipment business on the whole saw orders received increase 47.8% to ¥33,007 million and net sales increase 12.0% year on year to ¥23,237 million. On the profit front, operating profit decreased 11.4% year on year to ¥951 million mainly due to an increase in selling, general and administrative expenses.

	Previous consolidated 3 rd quarter (fiscal 2020) (Millions of yen)	This consolidated 3 rd quarter (fiscal 2021) (Millions of yen)	Change (%)
Orders received	22,340	33,007	47.8
Net sales	20,745	23,237	12.0
Operating profit	1,073	951	(11.4)

Service business

In the after-sales service and engineering field, both orders received and net sales increased year on year, due to a strong performance in preventive maintenance services such as maintenance agreements.

In laboratory testing services and facility rentals, both orders received and net sales increased year on year as laboratory testing services, centered on automotive-related matters, recovered in Japan, and performed steadily in China.

As a result, the service business on the whole saw orders received increase 9.3% year on year to ¥4,993 million and net sales increase 8.7% to ¥4,472 million. On the profit front, operating profit was ¥311 million, an increase of 63.1% year on year due to an increase in net sales.

	Previous consolidated 3 rd quarter (fiscal 2020) (Millions of yen)	This consolidated 3 rd quarter (fiscal 2021) (Millions of yen)	Change (%)
Orders received	4,567	4,993	9.3
Net sales	4,114	4,472	8.7
Operating profit	191	311	63.1

Other business

In the other business, which is centered on the environmental preservation and plant factory businesses, orders received increased 22.9% year on year to ¥956 million, due to an increase in orders received for forest and waterside creation, and capturing orders for plant factories. Net sales decreased 66.9% year on year to ¥612 million because of a large plant factory project in the same period of the previous fiscal year. The segment posted an operating loss of ¥89 million, which marked a deterioration of ¥154 million year on year.

	Previous consolidated 3 rd quarter (fiscal 2020) (Millions of yen)	This consolidated 3 rd quarter (fiscal 2021) (Millions of yen)	Change (%)
Orders received	778	956	22.9
Net sales	1,848	612	(66.9)
Operating profit (loss)	64	(89)	-

* There are marked seasonal fluctuations in the Group's performance based on quarterly sales because of a strong trend toward contractual deliveries occurring in the 2nd and 4th consolidated quarters as a result of customers' budget implementation.

(2) Description of financial position

Total assets at the end of the third quarter consolidated accounting period were ¥59,398 million, an increase of ¥790 million over the end of the previous consolidated fiscal year. Major factors included a decrease of ¥2,933 million resulting from recovery of trade receivables (notes and accounts receivable-trade, contract assets, and electronically recorded monetary claims-operating) recorded at the end of the previous fiscal year, and an increase of ¥3,978 million in inventories such as work in process owing to an increase in order backlog, and a decrease of ¥167 million in property, plant and equipment. Liabilities were ¥15,193 million, an increase of ¥1,570 million from the end of the previous consolidated fiscal year. Major factors included an increase of ¥1,436 million in other current liabilities owing to an increase in orders received. Net assets were ¥44,205 million, a decrease of ¥779 million from the end of the previous fiscal year. Major factors included a decrease of ¥1,055 million due to the acquisition of treasury shares in accordance with a flexible capital policy in response to changes in the business environment and an increase of ¥208 million in non-controlling interests.

(3) Description of consolidated operating forecasts and other forward-looking information

The Company has revised its consolidated full-year financial forecast for fiscal 2021, the year ending March 31, 2022, from the forecast announced on August 6, 2021. For details, please refer to the "Notice Concerning Revisions to Consolidated Full-Year Financial Results Forecasts for the Fiscal Year Ending March 31, 2022" announced on February 10, 2022.

2. Quarterly consolidated financial statements and significant notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	13,398	12,792
Notes and accounts receivable - trade	13,708	-
Notes and accounts receivable - trade, and contract assets	-	10,516
Electronically recorded monetary claims - operating	2,217	2,476
Securities	3,902	2,902
Merchandise and finished goods	1,563	1,855
Work in process	1,745	4,582
Raw materials and supplies	2,053	2,903
Other	1,640	2,144
Allowance for doubtful accounts	(47)	(37)
Total current assets	40,182	40,135
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,869	4,850
Land	4,601	4,612
Other, net	2,897	2,737
Total property, plant and equipment	12,368	12,200
Intangible assets		
Goodwill	324	708
Other	463	565
Total intangible assets	787	1,273
Investments and other assets	5,269	5,788
Total non-current assets	18,424	19,263
Total assets	58,607	59,398
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,745	3,284
Electronically recorded obligations - operating	3,484	3,444
Short-term borrowings	221	77
Income taxes payable	356	241
Provision for bonuses	408	165
Provision for bonuses for directors (and other officers)	18	-
Provision for share awards for directors (and other officers)	15	-
Provision for product warranties	181	141
Provision for loss on order received	4	6
Other	3,333	4,770
Total current liabilities	10,769	12,132
Non-current liabilities		
Long-term borrowings	318	272
Retirement benefit liability	67	238
Provision for share awards for directors (and other officers)	152	176
Provision for retirement benefits for directors (and other officers)	4	4
Asset retirement obligations	22	22
Other	2,288	2,347
Total non-current liabilities	2,853	3,060
Total liabilities	13,623	15,193

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Net assets		
Shareholders' equity		
Share capital	6,895	6,895
Capital surplus	7,120	7,120
Retained earnings	31,297	30,765
Treasury shares	(1,181)	(2,236)
Total shareholders' equity	44,132	42,544
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,501	1,560
Revaluation reserve for land	(663)	(663)
Foreign currency translation adjustment	15	555
Remeasurements of defined benefit plans	(0)	(0)
Total accumulated other comprehensive income	852	1,451
Non-controlling interests	-	208
Total net assets	44,984	44,205
Total liabilities and net assets	58,607	59,398

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income

(Nine months ended December 31, 2021)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	26,526	28,131
Cost of sales	17,401	18,337
Gross profit	9,125	9,794
Selling, general and administrative expenses		
Salaries and allowances	2,501	2,800
Provision for bonuses	44	48
Provision for share awards for directors (and other officers)	55	17
Provision for product warranties	87	86
Provision of allowance for doubtful accounts	4	14
Amortization of goodwill	46	71
Other	5,054	5,582
Total selling, general and administrative expenses	7,794	8,621
Operating profit	1,330	1,172
Non-operating income		
Interest income	14	37
Dividend income	81	95
Foreign exchange gains	49	73
Other	48	60
Total non-operating income	194	266
Non-operating expenses		
Interest expenses	14	30
Commission expenses	6	6
Loss on investments in investment partnerships	7	-
Other	4	15
Total non-operating expenses	33	52
Ordinary profit	1,491	1,386
Extraordinary income		
Gain on sale of non-current assets	4	2
Gain on sale of investment securities	9	35
Total extraordinary income	14	37
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	11	7
Total extraordinary losses	11	7
Profit before income taxes	1,494	1,416
Income taxes - current	550	581
Profit	943	834
Loss attributable to non-controlling interests	-	(0)
Profit attributable to owners of parent	943	834

Quarterly consolidated statements of comprehensive income
(Nine months ended December 31, 2021)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	943	834
Other comprehensive income		
Valuation difference on available-for-sale securities	560	58
Foreign currency translation adjustment	(20)	540
Remeasurements of defined benefit plans, net of tax	24	0
Total other comprehensive income	564	599
Comprehensive income	1,508	1,433
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,508	1,433
Comprehensive income attributable to non-controlling interests	-	(0)

(3) Notes to the quarterly consolidated financial statements

Notes on the assumption of a going concern

No applicable

Notes on significant changes in shareholders' equity

Not applicable

Application of special accounting methods in the creation of quarterly consolidated financial statements

For tax expenses, the Company has adopted the method of reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the current consolidated fiscal year, and then multiplying quarterly profit before income taxes by the relevant estimated effective tax rate. However, when the tax expenses calculated using the relevant estimated effective tax rate are notably irrational, tax expenses shall be calculated using the statutory effective tax rate.

Changes in accounting policies

1. Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as "Revenue Recognition Accounting Standards"), etc. from the beginning of the first quarter of fiscal 2021, the year ending March 31, 2022, and recognizes revenue as the amount expected to be received in exchange for the promised goods or services when the control of the goods or services is transferred to the customer.

In applying the Revenue Recognition Accounting Standards, etc., the Company follows the transitional treatment set forth in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standards. The cumulative effect of retroactively applying the new accounting policy to periods prior to the beginning of the first quarter of fiscal 2021, the year ending March 31, 2022 has been added to or subtracted from retained earnings at the beginning of the first quarter of fiscal 2021, and the new accounting policy has been applied from the beginning balance of that period. However, the Company has applied the method stipulated in Paragraph 86 of the Revenue Recognition Standards, and has accordingly not retroactively applied the new accounting policy to contracts for which the nearly the entire amount of revenue had been recognized prior to the beginning of the first quarter of fiscal 2021. In addition, the Company has applied the method stipulated in proviso (1) to Paragraph 86 of the Revenue Recognition Standards, wherein accounting procedures are conducted based on contract conditions after reflecting any changes in contracts made prior to the beginning of the first quarter of fiscal 2021, and then the cumulative effect is added to or subtracted from retained earnings at the beginning of the first quarter of fiscal 2021.

The resulting impact on the quarterly consolidated financial statements for the nine months ended December 31, 2021 is inconsequential.

As a result of applying the Revenue Recognition Accounting Standards, etc., "notes and accounts receivable-trade", which was presented under "current assets" in the consolidated balance sheets of the previous fiscal year, has been included in "notes and accounts receivable-trade, and contract assets" from the current consolidated fiscal year. The Company has not reclassified the previous fiscal year using the new presentation method in accordance with the transitional treatment prescribed in Paragraph 89-2 of the Revenue Recognition Accounting Standards. In addition, information showing a breakdown of revenue generated from contracts with customers is not presented for the nine months ended December 31, 2020 in accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020).

2. Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter, "Fair Value Measurement Accounting Standards") from the beginning of the first quarter of fiscal 2021, the year ending March 31, 2022. In accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Accounting Standards and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company will apply the new accounting policies set forth in the Fair Value Measurement Accounting Standards, etc. at a future date. This has no impact on the quarterly consolidated financial statements for the nine months ended December 31, 2021.

Additional information

Impacts of the COVID-19 pandemic

As a result of the impacts of the COVID-19 pandemic, requests for self-restraint regarding movement and travel restrictions continue to impose unavoidable limitations on the Group's operating activities.

Consequently, accounting decisions are being made with the assumption that circumstances will gradually normalize from the consolidated fiscal year under review.

As the impact of COVID-19 on economic activities remains highly uncertain, a change to the abovementioned assumptions may affect the Company's financial condition and business results in the future.

Segment information

I Previous consolidated 3rd quarter (from April 1, 2020 to December 31, 2020)

1. Information concerning the net sales and profit or loss of each reportable segment (Millions of yen)

	Reportable segment			Total	Adjustment ¹	Carried amount on quarterly consolidated statements of income ²
	Equipment business	Service business	Other business			
Net sales						
(1) Sales to external customers	20,726	3,952	1,847	26,526	-	26,526
(2) Internal sales or transfers between segments	18	162	1	182	(182)	-
Total	20,745	4,114	1,848	26,708	(182)	26,526
Segment profit	1,073	191	64	1,329	1	1,330

1. Adjustment for segment profit mainly represents eliminations of inter-segment transactions.

2. Segment profit was reconciled with the operating profit presented in the quarterly consolidated statement of income.

2. Information related to impairment loss on fixed assets, and goodwill, etc. for each reportable segment.

There were no significant changes in the amount of goodwill during the nine months ended December 31, 2020.

II This consolidated 3rd quarter (from April 1, 2021 to December 31, 2021)

1. Information concerning the net sales and profit or loss of each reportable segment (Millions of yen)

	Reportable segment			Total	Adjustment ¹	Carried amount on quarterly consolidated statements of income ²
	Equipment business	Service business	Other business			
Net sales						
(1) Sales to external customers	23,223	4,299	609	28,131	-	28,131
(2) Internal sales or transfers between segments	14	172	3	190	(190)	-
Total	23,237	4,472	612	28,322	(190)	28,131
Segment profit (loss)	951	311	(89)	1,172	(0)	1,172

1. Adjustment for segment profit (loss) mainly represents eliminations of inter-segment transactions.

2. Segment profit (loss) was reconciled with the operating profit presented in the quarterly consolidated statement of income.

2. Information related to impairment loss on fixed assets, and goodwill, etc. for each reportable segment.

Significant changes in the amount of goodwill

In the Equipment business segment, the Company acquired 80% of the outstanding shares of ESPEC THERMAL TECH SYSTEM CORP. and included this company in the scope of consolidation.

The increase in the amount of goodwill from this transaction was ¥444 million in the nine months ended December 31, 2021.

3. Information on changes in reportable segments

As described in changes in accounting policies, the Company has applied the Revenue Recognition Accounting Standards, etc. from the beginning of the first quarter of fiscal 2021, the year ending March 31, 2022, and made changes in accounting treatment methods pertaining to revenue recognition. Therefore, the Company has similarly changed the method for calculating profit and losses for business segments.

The resulting impact on “Sales to external customers” and “Segment profit (loss)” for reportable segments for the nine months ended December 31, 2021 is inconsequential.