



Consolidated Financial Results for the Fiscal Year Ended June 30, 2022
[Japanese GAAP]

August 12, 2022

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 Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of the general annual meeting of shareholders: September 29, 2022
 Scheduled date of commencing dividend payments: None
 Scheduled date of filing annual securities report: September 30, 2022
 Availability of supplementary briefing materials on financial results: Not available
 Financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2022 (July 1, 2021 to June 30, 2022)

(1) Consolidated Operating Results

(Percentages indicate rates of year-on-year change)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2022	1,150	—	(71)	—	(26)	—	(32)	—
June 30, 2021	—	—	—	—	—	—	—	—

(Note) Comprehensive income: For the fiscal year ended June 30, 2022: ¥(32) million [—%]
 For the fiscal year ended June 30, 2021: ¥— million [—%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit margin
June 30, 2022	Yen (5.48)	Yen —	% (1.4)	% (0.8)	% (6.2)
June 30, 2021	—	—	—	—	—

(Reference) Gain (loss) on equity-method investments: For the fiscal year ended June 30, 2022: —
 For the fiscal year ended June 30, 2021: —

(Note) The Company began preparing consolidated financial statements from the consolidated fiscal year ended June 30, 2021. The deemed acquisition date of the consolidated subsidiary is the final day of the fiscal year. Therefore, only the balance sheet was consolidated for the fiscal year ended June 30, 2021. For this reason, consolidated operating results for the fiscal year ended June 30, 2021 are not presented.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2022	3,227	2,227	69.0	379.91
As of June 30, 2021	3,382	2,257	66.8	385.65

(Reference) Shareholders' equity: As of June 30, 2022: ¥2,227 million
 As of June 30, 2021: ¥2,257 million

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2022	284	(132)	(273)	732
June 30, 2021	—	—	—	—

(Note) The Company began preparing consolidated financial statements from the consolidated fiscal year ended June 30, 2021. The deemed acquisition date of the consolidated subsidiary is the final day of the fiscal year. Therefore, only the balance sheet was consolidated for the fiscal year ended June 30, 2021. For this reason, consolidated cash flows for the fiscal year ended June 30, 2021 are not presented.

2. Dividends

	Annual dividends					Total dividends	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended June 30, 2021	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00	Millions of yen —	% —	% —
Fiscal year ended June 30, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending June 30, 2023 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2023 (July 1, 2022 to June 30, 2023)

(Percentages indicate rates of year-on-year change)

	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
First half	729	115.0	(55)	—	(57)	—	(47)	—	(8.19)
Full year	2,133	85.4	300	—	355	—	228	—	39.03

Notes:

(1) Changes in specific subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

Newly included: None

Excluded: None

(2) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(Note) For details, please refer to "3. Consolidated Financial Statements and Primary Notes (5) Notes to the Consolidated Financial Statements (Changes in accounting policies)" on page 12 of the attached materials.

(3) Total number of issued shares (common stock)

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

June 30, 2022: 5,864,000 shares

June 30, 2021: 5,855,000 shares

2) Total number of treasury shares at the end of the period:

June 30, 2022: 148 shares

June 30, 2021: 99 shares

3) Average number of shares outstanding during the period:

Fiscal year ended June 30, 2022: 5,860,225 shares

Fiscal year ended June 30, 2021: 5,854,901 shares

* The financial statements are outside the scope of reviews by certified public accountants and auditing firms.

* Explanation of the proper use of financial results forecast and other notes

(Notes on forward-looking statements, etc.)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable by the Company, and are not intended to be construed as assurance that they will be accomplished in the future. Actual results may differ significantly from the forecasts due to a wide range of factors. Please see page 4 of the attached materials, "1. Overview of Operating Results, etc. (4) Outlook" for information regarding assumptions made when formulating earnings projections and matters to note when using these projections.

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1. Overview of Operating Results, etc.

The Group began preparing consolidated financial statements from the consolidated fiscal year ended June 30, 2021. The deemed acquisition date of the consolidated subsidiary is the final day of the fiscal year. Therefore, only the balance sheet was consolidated in the fiscal year ended June 30, 2021, and no consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, or consolidated statement of cash flows were created for that year.

Accordingly, we have not performed a comparative analysis with the previous fiscal year with respect to (1) Overview of Business Results and (3) Overview of Cash Flows.

(1) Overview of Business Results

During the consolidated fiscal year ended June 30, 2022, the Japanese economy began to gradually move toward normalcy as restrictions on economic and social activities were eased, although there were some signs of slowdown as COVID-19 infections expanded. On the other hand, the global economic outlook is becoming increasingly uncertain because of the protracted situation in Ukraine, the stagnation of the Chinese economy associated with the zero-COVID policy, and concerns about rapid inflation.

Under these economic circumstances, the Company strove to strengthen and expand the management foundation through three businesses that use proprietary technology, namely the Optical segment, the LS & Equipment Development segment, and the Other segment (including ESCO, Ltd.).

As a result, in the fiscal year ended June 30, 2022, we recorded net sales of ¥1,150,981 thousand, an operating loss of ¥71,221 thousand, an ordinary loss of ¥26,981 thousand, and a loss attributable to owners of parent of ¥32,127 thousand.

Results by segment were as follows.

(Optical segment)

During the fourth quarter of the current fiscal year, earnings were driven by sales mainly to Advanced Photon Source (APS) and Linac Coherent Light Source (LCLS) in the United States, Nano Terasu (formerly SLiT-J) in Japan, the Institute of High Energy Physics (IHEP) and Shanghai Synchrotron Radiation Facility (SSRF) in China, and MAX IV in Sweden.

Synchrotron radiation facilities and X-ray free electron laser facilities in Japan and elsewhere, main customers of X-ray nano focusing mirrors, are resuming their normal operations for the most part even though there are some restrictions on activities amid the COVID-19 pandemic. We won many orders from facilities such as Nano Terasu (formerly SLiT-J), which is a next-generation synchrotron radiation facility in Japan, and benefitted from facility upgrades and construction projects in China, Europe, and the United States.

However, a prolonged lockdown in Shanghai that began in April in response to China's zero-COVID policy led to disruptions throughout China, effectively halting import procedures. Import restrictions were subsequently imposed, and we were unable to deliver many of our products to China as a result. As for the United States, there were cases in which we could not deliver products because we had to address sudden requests for changes in specifications. However, no orders were lost in any of these cases since products in the Optical segment are made to order. The work is still ongoing, with sales expected to be recorded in the next fiscal year.

Despite such circumstances, plans are currently underway in China for the construction of synchrotron radiation facilities and X-ray free electron laser facilities of unparalleled scale, as well as the upgrading of existing facilities. Thus, China is an extremely promising market. IHEP, a next-generation synchrotron radiation facility under construction in Beijing, is expected to be the largest of its kind in the world. We began to receive large orders related to this project in the previous fiscal year.

Furthermore, in China, there are plans to upgrade several facilities to fourth-generation standards. There are also plans to build large synchrotron radiation facilities and X-ray free electron laser facilities in Shanghai, Shenzhen, and Wuhan. Accordingly, demand for ultra-high-precision mirrors is expected to expand even further.

As for sales activities, we will continue to focus on China as a priority region since new orders are increasing even though travel restrictions are still in effect. Meanwhile, we have resumed face-to-face sales in Europe and the United States through travel. We will continue to seek out demand through meticulous sales activities.

As a result, sales in the Optical segment during the period under review were ¥779,892 thousand and segment profit was ¥245,422 thousand.

(LS & Equipment Development segment)

Earnings in the fourth quarter of the current fiscal year were driven by sales of X-ray focusing alignment systems to a synchrotron radiation facility in South Korea (PAL), contract research and development in the field of regenerative medicine, high-density culture systems, and test printing machines for gravure printing (GP-10).

As for quartz crystal unit wafer machining systems, we sought to expand sales to overseas manufacturers of quartz crystal units following our sale to domestic pilot users. However, we were unable to sign any contract because implementation plans were delayed amid the COVID-19 pandemic.

As a result, sales in the LS & Equipment Development segment during the period under review were ¥262,552 thousand and segment profit was ¥5,795 thousand.

(Other segment)

The Other segment corresponds to subsidiary ESCO, Ltd. ESCO's sales are divided into three areas: equipment sales (thermal desorption spectrometry [TDS] equipment), equipment maintenance, and contract analysis services. Sales in the mainstay equipment sales business significantly fell short of our projection. Installation work is essential for equipment sales because our products are built to order. However, travel to South Korea and Taiwan, where major users are located, was restricted amid the pandemic. Consequently, we could not post sales as we were unable to carry out installation work. The recording of sales is expected to be postponed to the next fiscal year, when we will resume installation work.

As a result, sales in the Other segment during the period under review were ¥108,537 thousand and the segment loss was ¥60,973 thousand.

In the consolidated fiscal year ended June 30, 2021, the Company acquired shares in ESCO, Ltd., which was included in the scope of consolidation. As the deemed acquisition date was June 30, 2021 and the difference between the closing date of the subsidiary and the consolidated reporting date is within three months, the consolidated financial results for the fiscal year ended June 30, 2022 reflects performance of the acquired company during the nine months from July 2021 to March 2022.

(2) Overview of Financial Condition

(Assets)

As of June 30, 2022, current assets amounted to ¥1,301,395 thousand, down ¥170,644 thousand from their level on June 30, 2021. This was mainly because accounts receivable-trade declined by ¥162,224 thousand and cash and deposits decreased by ¥115,376 thousand, while work in process increased by ¥91,757 thousand. Non-current assets came to ¥1,925,636 thousand, up ¥15,634 thousand compared to June 30, 2021. This was mainly because land increased by ¥21,450 thousand, and machinery, equipment and vehicles grew by ¥20,022 thousand, while buildings and structures declined by ¥33,763 thousand.

As a result, total assets were ¥3,227,032 thousand, down ¥155,010 thousand from their level on June 30, 2021.

(Liabilities)

Current liabilities came to ¥385,654 thousand, down ¥50,278 thousand from their level on June 30, 2021. This was mainly because short-term borrowings decreased by ¥200,000 thousand, while contract liabilities increased by ¥129,680 thousand as a result of a rise in advances received in connection with an increase in orders received. Non-current liabilities were ¥613,661 thousand, down ¥74,476 thousand compared to June 30, 2021. This was due primarily to a ¥75,456 thousand decrease in long-term borrowings, as scheduled repayments continued.

As a result, total liabilities were ¥999,315 thousand, down ¥124,755 thousand from their level on June 30, 2021.

(Net assets)

Total net assets amounted to ¥2,227,717 thousand, down ¥30,254 thousand from their level on June 30, 2021. This was due primarily to the recording of a loss attributable to owners of parent of ¥32,127 thousand.

(3) Overview of Cash Flows

Cash and cash equivalents (“cash”) amounted to ¥732,324 thousand as of June 30, 2022, down ¥115,376 thousand compared with June 30, 2021. The cash flows affecting this figure are outlined below.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥284,185 thousand. This was mainly because trade receivables declined by ¥160,343 thousand and contract liabilities increased by ¥167,850 thousand, while inventories increased by ¥108,870 thousand and accrued expenses declined by ¥33,292 thousand.

(Cash flows from investing activities)

Net cash used in investing activities was ¥132,592 thousand. This was mainly due to ¥112,873 thousand spent on the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities was ¥273,583 thousand. This was mainly due to a net decrease of ¥200,000 thousand in short-term borrowings and ¥75,456 thousand in repayments of long-term borrowings.

(4) Outlook

Regarding the Optical segment, research activities are resuming at synchrotron radiation facilities around the world, even though various restrictions are still in place in China as a result of the nation’s zero-COVID policy. Investment plans are progressing in Japan, Europe, and the United States, while research and development initiatives, such as basic research regarding COVID-19 and therapeutic drugs, are being pursued aggressively.

We have announced that we won large orders for various high-precision mirrors in the United States, China, and Japan. The announcements were made on June 3, 2021, regarding the United States, on November 29, 2021, regarding China, and on January 17, 2022, regarding Japan. In addition, there are plans in various parts of the world for the construction of large synchrotron radiation facilities and X-ray free electron laser facilities, as well as plans to upgrade existing facilities to fourth-generation standards. Consequently, active efforts are being made to win orders.

Now that the market for our mirrors is growing, we will seize this opportunity to increase sales by focusing on ultra-high-precision mirrors and mirrors for fourth-generation facilities, areas where our strength lies.

In the LS & Equipment Development segment, we will focus on large-scale automated cell culture systems and on MakCell®, a simplified automated cell culture system. At the same time, we will seek to expand sales of quartz crystal unit wafer machining systems to manufacturers of quartz crystal units in Japan and elsewhere.

In addition, as stated in Innovation 2030 dated on May 30, 2022, we will aim to go beyond our existing markets and enter new markets such as the semiconductor market in the future.

As for areas of particular emphasis, we will further expand sales of quartz crystal unit wafer machining systems that use plasma chemical vaporization machining (PCVM) technology. We are also pursuing the practical application of catalyst-referred etching (CARE), a new machining technology, as we focus on the development of polishing equipment for various devices such as next-generation power semiconductors.

When it comes to TDS equipment, the main product of subsidiary ESCO, the market is expected to expand not only in the semiconductor and LCD industries, but also in various fields such as steel, electrical machinery, automobiles, and quartz crystal units. We will focus on winning new customers by developing and marketing lower-priced equipment with fewer functions.

Based on the above, for the consolidated fiscal year ending June 30, 2023, we expect net sales of ¥2,133 million, operating profit of ¥300 million, ordinary profit of ¥355 million, and profit attributable to owners of parent of ¥228 million.

The above forecasts are based on information currently available to the Company. Actual performance may differ from these forecasts because of a wide range of factors.

(5) Significant Events regarding Going Concern Assumption, etc.

In the consolidated fiscal year ended June 30, 2022, the Group posted an operating loss of ¥71,221 thousand, impacted by the spread of COVID-19 overseas. Since this is the second consecutive year of operating loss, we

have determined that there exist events or circumstances that may cause significant doubt about the going concern assumption.

The Group, in order to solve this situation, will make efforts to fully address any unforeseen circumstances. For example, we will maintain close communication with customers and flexibly adjust the manufacturing system according to the situation in the countries and regions where we sell our products.

The Company and ESCO will postpone the recording of certain sales to the next fiscal year due to these circumstances, but there is no evidence at this time that the profitability of each project or cash flow has been impacted. Thus, we believe that the stability has been sufficiently secured with respect to our operations and finances. Therefore, we have determined that there is no significant uncertainty regarding the going concern assumption.

2. Basic Views on Selection of Accounting Standards

The Group's policy is to prepare financial statements in accordance with Japanese GAAP for the time being in order to ensure comparability between consolidated financial statements for different fiscal years and companies, and in consideration of the amount of efforts required in creating a system for preparing financial statements.

In the future, we will monitor the trend regarding the adoption of the International Financial Reporting Standards (IFRS) and make efforts to develop a system to appropriately respond to the trend.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of June 30, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	847,701	732,324
Electronically recorded monetary claims—operating	—	1,881
Accounts receivable—trade	410,865	248,641
Merchandise and finished goods	33,659	41,427
Work in process	80,386	172,143
Raw materials and supplies	33,014	42,360
Other	66,413	62,617
Total current assets	1,472,040	1,301,395
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	794,144	760,380
Machinery, equipment and vehicles (net)	200,272	220,294
Land	318,979	340,429
Construction in progress	12,475	32,285
Other (net)	11,099	9,628
Total property, plant and equipment	1,336,971	1,363,019
Intangible assets		
Goodwill	423,829	392,042
Other	15,186	11,279
Total intangible assets	439,016	403,322
Investments and other assets		
Investment securities	—	20,000
Deferred tax assets	119,524	126,761
Other	14,489	12,533
Total investments and other assets	134,014	159,295
Total non-current assets	1,910,001	1,925,636
Total assets	3,382,042	3,227,032

(Thousands of yen)

	As of June 30, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable–trade	18,559	49,955
Short-term borrowings	200,000	—
Current portion of long-term borrowings	75,456	75,456
Income taxes payable	764	16,290
Contract liabilities	—	167,850
Provision for bonuses	15,457	21,689
Provision for loss on orders received	—	40
Other	125,694	54,371
Total current liabilities	435,932	385,654
Non-current liabilities		
Long-term borrowings	672,875	597,419
Provision for retirement benefits for directors (and other officers)	3,018	4,912
Retirement benefit liability	2,192	1,990
Other	10,052	9,339
Total non-current liabilities	688,138	613,661
Total liabilities	1,124,070	999,315
Net assets		
Shareholders' equity		
Share capital	821,241	822,246
Capital surplus	781,241	782,246
Retained earnings	655,854	623,727
Treasury shares	(365)	(502)
Total shareholders' equity	2,257,971	2,227,717
Total net assets	2,257,971	2,227,717
Total liabilities and net assets	3,382,042	3,227,032

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	For the fiscal year ended June 30, 2022
Net sales	1,150,981
Cost of sales	451,074
Gross profit	699,906
Selling, general and administrative expenses	771,128
Operating profit (loss)	(71,221)
Non-operating income	
Interest income	5
Dividend income	1
Subsidy income	45,166
Foreign exchange gains	2,633
Other	353
Total non-operating income	48,159
Non-operating expenses	
Interest expenses	3,899
Other	19
Total non-operating expenses	3,919
Ordinary profit (loss)	(26,981)
Extraordinary losses	
Loss on retirement of non-current assets	442
Loss on sale of investment securities	20
Impairment losses	578
Total extraordinary losses	1,041
Profit (loss) before income taxes	(28,022)
Income taxes—current	11,318
Income taxes—deferred	(7,213)
Total income taxes	4,104
Profit (loss)	(32,127)
Profit attributable to non-controlling interests	—
Profit (loss) attributable to owners of parent	(32,127)

Consolidated Statement of Comprehensive Income

(Thousands of yen)

For the fiscal year ended
June 30, 2022

Profit (loss)	(32,127)
Comprehensive income	(32,127)
(Breakdown)	
Comprehensive income attributable to owners of parent	(32,127)
Comprehensive income attributable to non-controlling interests	—

(3) Consolidated Statement of Changes in Equity

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)

(Thousands of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	821,241	781,241	655,854	(365)	2,257,971	2,257,971
Changes during period						
Issuance of new shares-exercise of share acquisition rights	1,005	1,005			2,010	2,010
Profit (loss) attributable to owners of parent			(32,127)		(32,127)	(32,127)
Purchase of treasury shares				(137)	(137)	(137)
Total changes during period	1,005	1,005	(32,127)	(137)	(30,254)	(30,254)
Balance at end of period	822,246	782,246	623,727	(502)	2,227,717	2,227,717

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	For the fiscal year ended June 30, 2022
Cash flows from operating activities	
Profit (loss) before income taxes	(28,022)
Depreciation	99,804
Impairment losses	578
Amortization of goodwill	31,787
Increase (decrease) in provision for loss on orders received	40
Increase (decrease) in provision for bonuses	6,231
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1,893
Increase (decrease) in retirement benefit liability	(201)
Loss (gain) on sale of investment securities	20
Interest expenses	3,899
Subsidy income	(45,166)
Loss on retirement of property, plant and equipment	442
Decrease (increase) in trade receivables	160,343
Decrease (increase) in inventories	(108,870)
Decrease (increase) in prepaid expenses	9,616
Increase (decrease) in trade payables	31,396
Increase (decrease) in accrued expenses	(33,292)
Increase (decrease) in advances received	(36,112)
Increase (decrease) in contract liabilities	167,850
Other	(20,957)
Subtotal	241,275
Interest and dividend income	6
Interest paid	(3,942)
Income taxes paid	(2,560)
Income taxes refund	4,239
Subsidies received	45,166
Net cash provided by (used in) operating activities	284,185
Cash flows from investing activities	
Purchase of property, plant and equipment	(112,873)
Purchase of intangible assets	(150)
Purchase of investment securities	(20,000)
Proceeds from sale of investment securities	1,104
Other	(673)
Net cash provided by (used in) investing activities	(132,592)
Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	(200,000)
Repayments of long-term borrowings	(75,456)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,010
Other	(137)
Net cash provided by (used in) financing activities	(273,583)
Effect of exchange rate change on cash and cash equivalents	6,614
Net increase (decrease) in cash and cash equivalents	(115,376)
Cash and cash equivalents at beginning of period	847,701
Cash and cash equivalents at end of period	732,324

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company began applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020; hereinafter the "Revenue Recognition Standard") and related implementation guidance at the beginning of the current fiscal year. Accordingly, the Company recognizes the amount expected to be received in exchange for promised goods or services as revenue when control over such goods and services is transferred to the customer.

The Company applies the Revenue Recognition Standard in accordance with the transitional treatment set forth in the proviso in Paragraph 84 of the Revenue Recognition Standard. However, there has been no cumulative effect on retained earnings of retroactively applying the new accounting policy prior to the beginning of the current fiscal year. The changes stated above produce no impact on the consolidated financial statements.

Following the application of the Revenue Recognition Standard, "other," which was presented under "current liabilities" in the consolidated balance sheet in the previous fiscal year, is included in "contract liabilities" and "other" starting in the fiscal year ended June 30, 2022. In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Standard, no reclassification has been made for the previous fiscal year using the new presentation method.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company began applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30; July 4, 2019; hereinafter the "Fair Value Measurement Standard") and related implementation guidance at the beginning of the current fiscal year. In accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Standard 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 policy prescribed in the Fair Value Measurement Standard prospectively. There is no impact on the consolidated financial statements.

(Additional information)

There are some signs that the impact of the COVID-19 pandemic is subsiding and that the situation is gradually returning to normal with the easing of restrictions on economic and social activities. However, we believe that some impact of the pandemic will remain. There are many uncertainties regarding the impact of the spread of COVID-19, which may affect the Group's future earnings and accounting estimates.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

Method of determining reportable segments

The Group's reportable segments are the components of the Company for which separate financial information is available. These components are subject to periodic review by the Board of Directors, which determines the distribution of management resources and evaluates performance.

The Group consists of three reportable segments with different products and services: the Optical segment, the LS & Equipment Development segment, and the Other segment.

The Optical segment manufactures and processes X-ray nano focusing mirrors for synchrotron radiation facilities. The LS & Equipment Development segment manufactures automated equipment, such as biotechnology-related equipment, including automated cell culture systems and drug discovery automated screening systems for iPS cells, etc. The Other segment corresponds to ESCO, Ltd., which manufactures thermal desorption spectrometry (TDS) equipment.

2. Information on the method of calculating sales, profits or losses, assets, and other items by reportable segment

The accounting method for reported business segments is in accordance with the accounting policies used to prepare the financial statements.

3. Information on amounts of sales, profits or losses, assets, and other items by reportable segment

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)

(Thousands of yen)

	Reportable segment				Adjustments (Note 1)	Amount stated in the consolidated financial statements (Note 3)
	Optical	LS & Equipment Development	Other	Total		
Net sales						
Sales to external customers	779,892	262,552	108,537	1,150,981	—	1,150,981
Total	779,892	262,552	108,537	1,150,981	—	1,150,981
Segment profit (loss)	245,422	5,795	(60,973)	190,244	(261,466)	(71,221)
Segment assets	917,698	93,374	748,626	1,759,699	1,467,333	3,227,032
Other items						
Depreciation	71,517	—	581	72,099	27,705	99,804
Amortization of goodwill	—	—	31,787	31,787	—	31,787
Increase in property, plant and equipment and intangible assets (Note 2)	100,205	—	1,285	101,490	508	101,999

(Notes)

1. "Adjustments" are company-wide expenses, depreciation for administrative departments, etc., and property, plant and equipment and intangible assets for administrative departments, etc., not attributable to reportable segments.
2. Increase in property, plant and equipment and intangible assets does not include increase in construction in progress.
3. Segment profit (loss) is adjusted to operating loss in the consolidated financial statements.

[Related information]

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)

1. Information by product and service

This information is omitted because the same information is disclosed in the Segment information.

2. Information by region

(1) Net sales

(Thousands of yen)

Japan	Asia	Europe	Americas	Total
671,096	141,000	146,332	192,552	1,150,981

(2) Property, plant and equipment

Not applicable since we have no property, plant and equipment outside Japan.

3. Information by the major customer

(Thousands of yen)

Customer name	Net sales	Name of related segment
RIKEN, Japan	230,565	Optical

[Information on impairment losses on non-current assets by reportable segment]

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)

(Thousands of yen)

	Optical	LS & Equipment Development	Other	Total	Elimination and corporate	Amount stated in the consolidated financial statements
Impairment losses	—	578	—	578	—	578

[Information on amortization of goodwill and unamortized balance by reportable segment]

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)

(Thousands of yen)

	Optical	LS & Equipment Development	Other	Total	Elimination and corporate	Amount stated in the consolidated financial statements
Amortization during the year	—	—	31,787	—	—	31,787
Unamortized balance during the year	—	—	392,042	—	—	392,042

[Information on gain on bargain purchases by reportable segment]

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)

There is no relevant information.

(Per share information)

	Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)
Net assets per share	¥379.91
Basic earnings (loss) per share	¥(5.48)
Diluted earnings per share	¥—

(Notes)

1. Diluted earnings per share for the current fiscal year are not stated, even though there are dilutive shares, because the Company posted a loss per share.

2. The basis of calculation for basic earnings (loss) per share is as follows:

	Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)
Basic earnings (loss) per share	
Profit (loss) attributable to owners of parent [thousands of yen]	(32,127)
Amount not attributable to common shareholders [thousands of yen]	—
Profit (loss) attributable to owners of parent on common stock [thousands of yen]	(32,127)
Average number of shares of common stock during the period [shares]	5,860,225
Diluted earnings per share	
Adjusted profit attributable to owners of parent [thousands of yen]	—
Increase in common stock [shares]	—
Overview of potential shares not included in the calculation of diluted earnings per share as they have no dilutive effect	—

(Material subsequent events)

There is no relevant information.