

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

February 6th, 2023

Company Name



Tokyo Seimitsu Co., Ltd.

Stock Listing: Tokyo

ACCRETECH

Code number: 7729

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Supplementary Document for Quarterly Financial Results: Yes

Holding of Financial Results Meeting: Yes (for Security Analysts, Investors)

(Millions of yen, rounded down)

1. Consolidated Results for Accumulated 3rd quarter (April 1st – December 31st, 2022)

(1) Consolidated sales and earnings (Percentage figures represent changes from the accumulated 3rd quarter of previous year)

	Net Sales (Millions of Yen)		Operating Profit (Millions of Yen)		Recurring Profit (Millions of Yen)		Net Profit Attributable to Owners of the Parent (Millions of Yen)	
FY2023/3 3Q	103,114	11.3%	23,133	20.6%	23,669	21.4%	15,246	6.2%
FY2022/3 3Q	92,631	38.9%	19,181	105.9%	19,496	108.5%	14,362	106.9%

Note: Comprehensive Income in FY2023/3 3Q 16,644 million yen (10.7%), in FY2022/3 3Q: 15,038 million yen (143.2%)

	Net Profit per Share (Yen)	Net Profit per Share (diluted) (Yen)
FY2023/3 3Q	374.88	371.26
FY2022/3 3Q	351.42	348.06

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio
FY2023/3 3Q	204,910	139,474	67.2%
FY2022/3	190,287	131,081	68.1%

Note: Equity in FY2023/3 3Q 137,735 million yen, FY2022/3: 129,556 million yen

2. Dividends

	Per Share Dividend in Fiscal Year				
	Q1 End	Q2 End	Q3 End	Q4 End	Total
	Yen	Yen	Yen	Yen	Yen
FY2022/3	-	84.00	-	101.00	185.00
FY2023/3	-	109.00	-		
FY2023/3 (Projected)				109.00	218.00

Note: Changes due to revision of dividend projection: No

3. Forecast for FY2023/3 (April 1st, 2022 - March 31st, 2023) (% figures represent changes from the previous year)

	Net Sales (Millions of Yen)		Operating Profit (Millions of Yen)		Recurring Profit (Millions of Yen)		Net Profit attributable to Owners of the Parent (Millions of Yen)		Net Profit per Share (yen)
Full Year	145,000	10.9%	30,000	5.9%	31,100	6.6%	22,000	3.2%	541.00

Note: Changes due to revision of forecast: No

*** Notes**

(1) Significant changes in subsidiaries during the term under review (ones that changes scope of consolidation): No

(2) Accounting procedures specific to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting principles, estimates and restatements

1) Changes due to revision of accounting standards, etc.: No

2) Changes other than 1): Yes

3) Changes in accounting estimates: No

4) Restatement: No

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of period (including treasury stock):	FY2023/3 3Q	41,894,481 shares	FY2022/3	41,869,581 shares
2) Number of treasury stock at the end of period:	FY2023/3 3Q	1,207,241 shares	FY2022/3	1,222,956 shares
3) Average Number of shares outstanding during the period:	FY2023/3 3Q	40,671,603 shares	FY2022/3 3Q	40,870,900 shares

*** This consolidated financial statements report is not subject to audit procedures.**

*** Cautionary Statements with respect to Forward-looking Statements**

All forecasts and other forward-looking statements in this document are based on information currently available to the Company and assumptions that the Company considers reasonable. Various uncertainties could cause actual results to significantly differ from these forecasts. Please refer to supplementary statement.

*** Cautionary Statements with respect to the translation of the document**

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1. Qualitative information on Business Performance for the 3rd Quarter of FY2023/3

(1) Overview of Business Performance

During the nine months (accumulated 3rd quarter) of the Fiscal Year ending March 2023 (FY2023/3), the global economy faced increasing headwinds due to rapid inflation, rising interest rates, and exchange rate fluctuations, which had a significant impact on the economy despite signs of recovery in the economic activity due to the easing of action restrictions.

Under these circumstances, in the Semiconductor Production Equipment (SPE) segment, shipments and sales remained at high levels, but in terms of orders, semiconductor and high-tech companies continued to slow down their intention for capital investment due to decreased demand and increased product inventories in the consumer electronics product field. In the Metrology Equipment segment, the manufacturing industry, which constitutes the customer base of the Metrology Equipment segment, continued to face widening differences in business sentiment by industry sector. Overall, capital investment is yet to resume in full momentum.

Consequently, Consolidated Orders in the accumulated 3rd quarter of Fiscal Year 2023/3 (April 1st, 2022–December 31st, 2022) were ¥110,336 million, (down 23.0% YoY), Sales were ¥103,114 million (up 11.3% YoY), Operating Profit was ¥23,133 million (up 20.6% YoY), Recurring Profit was ¥23,669 million yen (up 21.4% YoY). In addition, a provision for loss on litigation of ¥1,751 million was accounted as extraordinary loss, and as a result, Net Profit Attributable to Owners of the Parent Company amounted to ¥15,246 million yen (up 6.2% YoY).

This resulted in a new 9-month peak in the Sales and in each of the Profit segments.

The business results during the term in each segment were as follows.

[Semiconductor Production Equipment (SPE) Segment]

In the SPE segment, orders for the equipment for memory devices, display driver ICs, and electronic components continued to show a decline owing to a decrease in the demand for consumer electronics products. In contrast, the demand for power semiconductors, such as SiC, and the increased demand for wafer production remains firm.

In terms of production, in addition to the difficulties in component procurement and continued adjustments in production timing due to requests from suppliers to adjust the shipment timing, the Company generally maintained high levels of production and shipments.

As a result, Orders for the SPE segment in the same period were ¥81,828 million (down 30.3% YoY), Sales were ¥79,484 million (up 10.9% YoY), and Operating Profit was ¥20,339 million (up 22.8% YoY).

[Metrology Equipment Segment]

In the Metrology Equipment segment, both orders and sales increased YoY as the gradual recovery trend continued owing to equipment replacement (which had been held back in the past) and other factors.

Consequently, Orders for the Metrology Equipment segment in the same period was ¥28,507 million (up 9.8% YoY), Sales was ¥23,629 million (up 12.7% YoY) and Operating Profit was ¥2,793 million (up 6.9% YoY).

(2) Analysis of Financial Position

[Assets, Liabilities and Net Assets]

Total Assets as on December 31st, 2022 amounted to ¥204,910 million, an increase of ¥14,623 million from the end of FY2022/3. The major factors behind this change include an increase in Inventories, including finished goods, Raw materials and supplies and Work in progress of ¥15,379 million, a decrease of Cash and cash equivalents of ¥5,892 million; and an increase in Construction in process account of ¥3,684 million.

Total Liabilities increased by ¥6,229 million to ¥65,435 million. This was mainly due to an increase in accounts payable, such as Notes and accounts payable and electronically recorded obligations-operating of ¥6,805 million, and a decrease in Long-term debt of ¥2,000 million.

Net Assets increased by ¥8,393 million, totaling ¥139,474 million; and the Equity Ratio was 67.2%.

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

There are no revisions to the Consolidated Business Forecasts for Fiscal Year 2023/3 previously announced on November 2nd, 2022.

Note: The forecasts contain forward-looking statements based on information available to the management at the time of this announcement that it has judged to be rational, including such factors as economic conditions in Japan and other countries or fluctuations in exchange rates, which may affect the Company's performance. These forecasts are subject to a number of risks and uncertainties, including market conditions, competition, and new product releases. Accordingly, actual results may differ materially from those projected in this earnings summary.

2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of Yen)

	FY2022/3 (March 31 st , 2022)	FY2023/3 3Q (December 31 st , 2022)
ASSETS		
Current Assets		
Cash and cash equivalents	49,033	43,141
Notes, accounts receivable and contract assets	32,204	32,605
Electronically recorded monetary claims	6,162	6,711
Merchandise and finished goods	2,852	3,225
Work in progress	26,222	35,176
Raw materials and supplies	11,251	17,302
Others	6,143	5,464
Allowance for doubtful accounts	- 40	- 40
Total current assets	133,829	143,586
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	16,614	16,813
Others(net)	26,865	31,351
Total Tangible Fixed Assets	43,479	48,164
Intangible Fixed Assets		
Goodwill	210	305
Others	3,459	3,605
Total Intangible Fixed Assets	3,670	3,911
Investments and other assets		
Others	9,420	9,360
Allowance for doubtful accounts	- 112	- 112
Total Investments and other assets	9,307	9,248
Total Fixed Assets	56,457	61,323
Total Assets	190,287	204,910

(Millions of Yen)

	FY2022/3 (March 31 st , 2022)	FY2023/3 3Q (December 31 st , 2022)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	11,213	12,919
Electronically recorded obligations-operating	18,662	23,762
Short-term debt	1,300	1,300
Current portion of long-term debt	2,000	2,000
Income taxes payable	4,454	2,746
Contract liabilities	10,308	11,940
Reserves for bonus	1,704	1,995
Reserves for director's bonuses	14	196
Others	5,984	5,120
Total current liabilities	55,641	61,980
Fixed Liabilities		
Long-term debt	2,000	-
Allowance for director retirement benefits	45	54
Net defined benefit liabilities	1,128	1,187
Asset retirement obligations	64	65
Provision for loss on litigation	-	1,751
Others	325	396
Total fixed liabilities	3,564	3,454
Total Liabilities	59,206	65,435
NET ASSETS		
Shareholder's Equity		
Common stock	11,000	11,046
Capital surplus	22,115	22,162
Retained earnings	98,914	105,621
Treasury stock	- 5,590	- 5,516
Total Shareholder's Equity	126,439	133,314
Accumulated other comprehensive income		
Holding gain or loss in investment	342	428
Foreign currency translation adjustment	1,789	3,063
Remeasurements of defined benefit plans	984	929
Total accumulated other comprehensive income	3,116	4,421
Share subscription rights	950	1,072
Non-controlling interests	574	667
Total Net Assets	131,081	139,408
Total Liabilities and Net Assets	190,287	204,910

(2) Consolidated Statements of Income, and Comprehensive Income

Consolidated Statements of Income

Accumulated 3rd quarter of FY2023/3(April 1st, 2022 – December 31st,2022)

(Millions of Yen)

	FY2022/3 3Q (April 1 st , 2021- December 31 st , 2021)	FY2023/3 3Q (April 1 st , 2022- December 31 st , 2022)
Net Sales	92,631	103,114
Cost of goods sold	55,904	59,945
Gross Profit on Sales	36,726	43,169
Selling, general and administrative expenses	17,544	20,036
Operating Profit	19,181	23,133
Non-operating income		
Interest income	28	26
Dividend income	136	158
Foreign exchange gains	3	-
Subsidy income	24	-
Gain on investments in investment partnerships	0	172
Compensation income	-	188
Reversal of costs to demolish existing buildings	44	-
Others	139	145
Total Non-operating income	376	691
Non-operating expenses		
Interest expenses	39	26
Loss on transportation accident	-	14
Foreign exchange loss	-	49
Others	21	64
Total Non-operating expenses	61	155
Recurring Profit	19,496	16,561
Extraordinary gains		
Gain on reversal of subscription rights to shares	3	5
Gain on liquidation of subsidiaries	9	71
Total Extraordinary gains	13	77
Extraordinary losses		
Provision for loss on litigation	-	1,751
Total Extraordinary losses	-	1,751
Profit before income taxes and minority interests	19,509	21,995
Income tax and other taxes	4,753	6,420
Adjustment on income tax	339	271
Total Income tax and others	5,093	6,691
Net Profit before minority interests	14,415	15,303
Net Profit (loss) attributable to minority interests	52	56
Net Profit attributable to Owners of the Parent	14,362	15,246

Consolidated Statements of Comprehensive Income
Accumulated 3rd quarter of FY2023/3(April 1st, 2022 – December 31st,2022)

(Millions of Yen)

	FY2022/3 3Q (April 1 st , 2021- December 31 st , 2021)	FY2023/3 3Q (April 1 st , 2022- December 31 st , 2022)
Net Profit before minority interests	14,415	15,303
Accumulated other comprehensive income		
Holding gain or loss in investment	- 86	85
Foreign currency translation adjustment	830	1,309
Remeasurements of defined benefit plans	- 120	- 54
Total accumulated other comprehensive income	623	1,340
Comprehensive Income	15,038	16,644
(breakdown)		
Comprehensive income attributable to owners of the parent	14,996	16,551
Comprehensive income attributable to non-controlling interests	42	93

(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 Fair Value Measurement

The Group has also applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17th, 2021) from the beginning of FY2023/3, and in accordance with the transitional treatment provided for in Paragraph 27-2 of the Guidance, the Group has applied the new accounting method prescribed in the Accounting Standard for Fair Value Measurement. There are no impacts from these changes in the Consolidated Financial Statements.

2. Change in the method of converting profits and expenses of overseas subsidiaries into Japanese Yen

Previously, income and expenses of overseas subsidiaries were translated into Japanese Yen at the spot exchange rate prevailing on the date of account settlement. However, since the importance of overseas sales by overseas subsidiaries and others is expected to increase in the future, the Company changed to a method of converting business results into Japanese Yen based on the average exchange rate during the period effective from the 1st quarter of FY2023/3 in order to mitigate the impact of temporary fluctuations in exchange rates on periodic profit and loss and more appropriately reflect the performance of overseas subsidiaries in the consolidated financial statements.

Since the retention period of documents related to financial statements at the Company is stipulated to be 10 years, it is practically impossible to apply the principle of retrospective application. Therefore, the Company has applied the method of translating financial statements into Japanese Yen at the average exchange rate during the period effective April 1st, 2012.

The change in accounting policy has been applied retrospectively, and the consolidated financial statements for the FY2022/3 have been prepared on a retrospective basis.

As a result, compared with previous translation method, Sales for the accumulated 3rd quarter of FY2022/3 decreased by ¥814 million, Operating profit decreased by ¥70 million, Recurring profit decreased by ¥73 million, and Net profit before income taxes and minority interests decreased by ¥73 million, respectively.

Due to the cumulative effect on net assets at the beginning of the FY2022/3, Retained earnings of the beginning of FY2022/3 decreased by ¥207 million, and Foreign currency translation adjustments increased by the same amount.

(Segment Information and Others)

Net sales, profit/loss assets/liabilities and/or others in reportable segments

Accumulated 3rd quarter of FY2022/3(April 1st, 2021 – December 31st,2021)

Sales and Profit (or loss) information per each reportable segment

(Millions of yen)

	Reportable Segments		Consolidated Total
	SPE	Metrology Equipment	
Sales			
Sales to third party:			
Intersegment sales to transfer	71,660	20,971	92,631
	-	-	-
Total	71,660	20,971	92,631
Segment Profit	16,568	2,613	19,181

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

Accumulated 3rd quarter of FY2023/3(April 1st, 2022 – December 31st,2022)

Sales and Profit (or loss) information per each reportable segment (Millions of yen)

	Reportable Segments		Consolidated Total
	SPE	Metrology Equipment	
Sales			
Sales to third party:	79,484	23,629	103,114
Intersegment sales to transfer	-	-	-
Total	79,484	23,629	103,114
Segment Profit	20,339	2,793	23,133

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

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