

Consolidated Financial Statements for the 1st Quarter of the Fiscal Year Ending March 31st, 2024 (FY2024/3), Japan GAAP

August 2nd, 2023

Company Name



Tokyo Seimitsu Co., Ltd.

Stock Listing: Tokyo

ACCRETECH

Code number: 7729

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Date of Quarterly Financial Statement Filing (planned): August 4th, 2023

Dividend Payment Date (planned): -

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 the 1st Quarter of FY2024/3 (April 1st – June 30th, 2023)

(1) Consolidated sales and earnings

(Percentage 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)	
FY2024/3 Q1	26,618	- 4.7%	4,250	- 25.3%	4,710	- 27.5%	3,245	- 32.6%
FY2023/3 Q1	27,919	- 3.2%	5,691	- 4.9%	6,496	8.1%	4,812	10.5%

Note: Comprehensive Income in FY2024/3 Q1 3,954 million yen (- 32.3%), in FY2023/3 Q1 5,839 million yen (23.2%)

	Net Profit per Share (Yen)	Net Profit per Share (diluted) (Yen)
FY2024/3 Q1	80.63	79.78
FY2023/3 Q1	118.38	117.29

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio
FY2024/3 Q1	201,775	144,080	70.6%
FY2023/3	209,032	146,028	69.0%

Note: Equity in FY2024/3 Q1 142,456 million yen, in FY2023/3 144,288 million yen

2. Dividends

	Dividend per share in Fiscal Year				
	Q1 End	Q2 End	Q3 End	Q4 End	Total
	Yen	Yen	Yen	Yen	Yen
FY2023/3	-	109.00	-	126.00	235.00
FY2024/3	-				
FY2024/3 (Projected)		85.00	-	85.00	170.00

Note: Changes due to revision of dividend projection: No

3. Forecast for FY2024/3 (April 1st, 2023 - March 31st, 2024)

(% figures represent changes from the previous year)

	Net Sales (Millions of Yen)		Operating Profit (Millions of Yen)		Recurring Profit (Millions of Yen)		Net Profit attributable to Owners of the Parent (Millions of Yen)		Net Profit per Share (yen)
Interim	61,000	-14.2%	11,000	-29.9%	11,000	-33.6%	8,000	-32.8%	198.90
Full Year	129,000	-12.1%	24,000	-30.4%	24,000	-32.0%	17,000	-28.1%	422.82

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): No

3) Changes in accounting estimates: No

4) Restatement: No

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of period (including treasury stock):	FY2024/3 Q1	41,990,181 shares	FY2023/3	41,903,281 shares
2) Number of treasury stock at the end of period:	FY2024/3 Q1	1,712,578 shares	FY2023/3	1,529,552 shares
3) Average Number of shares outstanding during the period:	FY2024/3 Q1	40,257,553 shares	FY2023/3 Q1	40,654,243 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 1st quarter of FY2024/3

(1) Overview of Business Performance

During the 1st quarter of Fiscal Year ending March 2023 (FY2024/3), the global economy, despite the recovery trend in corporate earnings, continued to face uncertainties, including difficulties in obtaining resources, energy, and raw materials. These issues were triggered by the situation in Ukraine, its spillover to higher prices, continued monetary tightening in the United States, and European countries' measures to curb inflation, along with the resulting exchange rate fluctuations. Therefore, this situation remains uncertain.

Under these circumstances, the business environment surrounding the Company remained challenging in terms of the semiconductor and high-tech-related companies, which are customers of the Semiconductor Production Equipment (SPE) segment. This is because their willingness to invest remained conservative, although there were signs of a bottoming out in factory utilizations. Capital investment in the diverse manufacturing industries that are the customers of the Metrology Equipment segment varied widely about demand trends by industry sector. As a result, Consolidated Orders in the 1st quarter of Fiscal Year 2024/3 (April 1st, - June 30th, 2023) were ¥29,571 million (down 35.9% YoY), Net Sales were ¥26,618 million (down 4.7% YoY), Operating Profit was ¥4,250 million (down 25.3% YoY), Recurring Profit was ¥4,710 million (down 27.5% YoY), and Net Profit Attributable to Owners of the Parent was ¥3,245 million (down 32.6% YoY).

The business results during the term for each segment were as follows:

[Semiconductor Production Equipment (SPE) Segment]

In the Semiconductor Production Equipment segment, although the demand for power semiconductors, such as SiC, and for wafer fabrication remained strong, demand for memory devices and electronic components remained stagnant because of the sluggish business trends in consumer electronics products, such as smartphones, PCs, and TVs. As a result, Orders decreased YoY.

The outstanding backlog remained high, and the high production utilization was maintained; however, Net Sales decreased YoY owing to delivery timing, schedule, and postponement requests from some customers.

As a result, Orders for SPE segment in the same period were ¥20,345 million (down 43.4% YoY), Net Sales were ¥18,722 million (down 11.4% YoY), and Operating Profit was ¥ 3,208 million (down 36.5% YoY).

[Metrology Equipment Segment]

In the Metrology Equipment segment, demand for EV development and charge/discharge testing systems for rechargeable batteries showed signs of movement. Conversely, there was a trend toward holding back on capital investment in some areas, such as SPE, which is a new area of focus; as a result, the orders decreased YoY.

On the production side, equipment production for business opportunities received in the previous fiscal year remained strong, and shipments and installations were executed as planned.

As a result, Orders for Metrology Equipment segment in the same period were ¥9,225 million (down 10.0% YoY), Sales were ¥7,895 million (up 16.4% YoY), and Operating Profit was ¥1,042 million (up 62.4% YoY).

(2) Analysis of Financial Position

Total Assets as of June 30th, 2023 amounted to ¥201,775 million, a decrease of ¥7,257 million from the end of FY2023/3. The major factors behind this change include a decrease in Cash and cash equivalents of ¥11,647 million; an increase in Inventories including finished goods, Raw materials and supplies and Work in progress of ¥9,071 million; a decrease in accounts receivable such as Notes and accounts and Electronically recorded monetary claims of ¥4,846 million; and an increase in Fixed assets of ¥3,900 million.

Total Liabilities decreased by ¥5,309 million to ¥57,695 million. This was mainly due to a decrease in Income taxes payable of ¥4,394 million; a decrease in accounts payable such as Notes and accounts payable and electronically recorded obligations-operating of ¥2,894 million; an increase in Contract liabilities of ¥2,539 million; an increase in Reserves for bonus of ¥1,407 million; and a decrease in Long-term debt of ¥1,000 million.

Net Assets decreased by ¥1,947 million and totaled ¥144,080 million; the Equity Ratio reached 70.6%

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

There are no revisions to the Consolidated Business Forecasts for Fiscal Year 2024/3 previously announced on May 12th, 2023.

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)

	FY2023/3 (March 31 st , 2023)	FY2024/3 Q1 (June 30 th , 2023)
ASSETS		
Current Assets		
Cash and cash equivalents	40,080	28,433
Notes, accounts receivable and contract assets	36,401	29,837
Electronically recorded monetary claims	7,002	8,719
Merchandise and finished goods	2,462	3,129
Work in progress	32,862	38,107
Raw materials and supplies	18,156	21,317
Others	7,063	3,019
Allowance for doubtful accounts	- 57	- 2
Total current assets	143,972	132,562
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	16,624	16,562
Others(net)	32,329	36,291
Total Tangible Fixed Assets	48,954	52,854
Intangible Fixed Assets		
Goodwill	279	275
Others	3,672	3,832
Total Intangible Fixed Assets	3,951	4,107
Investments and other assets		
Others	12,267	12,362
Allowance for doubtful accounts	- 112	- 112
Total Investments and other assets	12,154	12,250
Total Fixed Assets	65,060	69,213
Total Assets	209,032	201,775

(Millions of Yen)

	FY2023/3 (March 31 st , 2023)	FY2024/3 Q1 (June 30 th , 2023)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	10,164	10,138
Electronically recorded obligations-operating	12,194	9,326
Short-term debt	1,300	1,300
Current portion of long-term debt	4,000	3,000
Income taxes payable	6,324	1,929
Contract liabilities	8,703	11,243
Reserves for bonus	2,636	4,044
Reserves for director's bonuses	9	91
Others	5,615	4,608
Total current liabilities	50,947	45,681
Fixed Liabilities		
Long-term debt	8,000	8,000
Allowance for director retirement benefits	57	51
Net defined benefit liabilities	1,248	1,250
Provision for loss on litigation	1,914	1,914
Asset retirement obligations	65	65
Others	771	731
Total fixed liabilities	12,057	12,013
Total Liabilities	63,004	57,695
NET ASSETS		
Shareholder's Equity		
Common stock	11,064	11,195
Capital surplus	22,179	22,313
Retained earnings	114,005	112,161
Treasury stock	- 7,098	- 8,016
Total Shareholder's Equity	140,150	137,653
Accumulated other comprehensive income		
Holding gain or loss in investment	510	671
Foreign currency translation adjustment	2,619	3,161
Remeasurements of defined benefit plans	1,007	969
Total accumulated other comprehensive income	4,137	4,803
Share subscription rights	1,072	913
Non-controlling interests	668	710
Total Net Assets	146,028	144,080
Total Liabilities and Net Assets	209,032	201,775

(2) Consolidated Statements of Income, and Comprehensive Income

Consolidated Statements of Income

1st quarter of FY2024/3 (April 1st, 2023 – June 30th, 2023)

(Millions of Yen)

	FY2023/3 Q1 (April 1 st , 2022- June 30 th , 2022)	FY2024/3 Q1 (April 1 st , 2023- June 30 th , 2023)
Net Sales	27,919	26,618
Cost of goods sold	15,940	15,415
Gross Profit on Sales	11,978	11,203
Selling, general and administrative expenses	6,287	6,952
Operating Profit	5,691	4,250
Non-operating income		
Interest income	7	10
Dividend income	35	32
Foreign exchange gains	401	345
Gain on investments in investment partnerships	172	100
Compensation income	165	16
Others	41	59
Total Non-operating income	824	563
Non-operating expenses		
Interest expenses	10	24
loss on disposal of fixed assets	1	67
Others	6	12
Total Non-operating expenses	18	103
Recurring Profit	6,496	4,710
Extraordinary gains		
Gain on reversal of subscription rights to shares	5	6
Gain on sales of investment securities	-	19
Total Extraordinary gains	5	26
Profit before income taxes and minority interests	6,502	4,736
Income tax and other taxes	1,672	1,411
Adjustment on income tax	- 12	45
Total Income tax and others	1,660	1,456
Net Profit before minority interests	4,842	3,279
Net Profit attributable to minority interests	29	33
Net Profit attributable to Owners of the Parent	4,812	3,245

Consolidated Statements of Comprehensive Income
1st quarter of FY2024/3 (April 1st, 2023 – June 30th, 2023)

(Millions of Yen)

	FY2023/3 Q1 (April 1 st , 2022- June 30 th , 2022)	FY2024/3 Q1 (April 1 st , 2023- June 30 th , 2023)
Net Profit before minority interests	4,842	3,279
Accumulated other comprehensive income		
Holding gain or loss in investment	33	161
Foreign currency translation adjustment	981	550
Remeasurements of defined benefit plans	- 18	- 37
Total accumulated other comprehensive income	996	674
Comprehensive Income	5,839	3,954
(breakdown)		
Comprehensive income attributable to owners of the parent	5,788	3,911
Comprehensive income attributable to non-controlling interests	50	42

(3) Notes to Consolidated Financial Statements

(Note on Assumptions for Going Concern)

Not applicable.

(Significant Changes in Shareholder's Equity)

1. Repurchase of Treasury Stock

During the 1st quarter of FY2024/3, Tokyo Seimitsu (the Company) has repurchased 182,400 shares as Treasury Stock in accordance with the resolution of the Board of Directors meeting held on February 6th, 2023. Including the repurchase of shares less than one unit, Treasury Stock has been increased by ¥918 million during the period, and as of the end of period, Treasury stock amounted to ¥8,016 million.

This repurchase program was terminated on April 28th, 2023.

(Changes in Accounting Policies)

Not applicable.

(Segment Information and Others)

1st quarter of FY2023/3 (April 1st, 2022 – June 30th, 2022)

(Millions of yen)

	Reportable Segments		Consolidated Total
	SPE	Metrology Equipment	
Sales			
Sales to third party:	21,135	6,783	27,919
Intersegment sales to transfer	-	-	-
Total	21,135	6,783	27,919
Segment Profit	5,049	641	5,691

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

1st quarter of FY2024/3 (April 1st, 2023 – June 30th, 2023)

(Millions of yen)

	Reportable Segments		Consolidated Total
	SPE	Metrology Equipment	
Sales			
Sales to third party:	18,722	7,895	26,618
Intersegment sales to transfer	-	-	-
Total	18,722	7,895	26,618
Segment Profit	3,208	1,042	4,250

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

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