

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

November 2nd, 2023

Company Name



Tokyo Seimitsu Co., Ltd.

Stock Listing: Tokyo

ACCRETECH

Code number: 7729

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Dividend Payment Date (planned): December 11th, 2023

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 Half of FY2024/3 (April 1st – September 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 1H	63,537	- 10.6%	11,389	- 27.4%	12,072	- 27.1%	8,548	- 28.2%
FY2023/3 1H	71,076	16.1%	15,685	21.6%	16,561	27.7%	11,908	24.0%

Note: Comprehensive Income in FY2024/3 1H 9,829 million yen (- 27.0%), in FY2023/3 1H 13,462 million yen (34.0%)

	Net Profit per Share (Yen)	Net Profit per Share (diluted) (Yen)
FY2024/3 1H	212.17	209.91
FY2023/3 1H	292.86	290.07

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio
FY2024/3 1H	205,524	150,633	72.3%
FY2023/3	209,032	146,028	69.0%

Note: Equity in FY2024/3 1H 148,644 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	-	89.00			
FY2024/3 (Projected)			-	89.00	178.00

Note: Changes due to revision of dividend projection: Yes

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)
Full Year	132,000	- 10.1%	24,500	- 29.0%	25,400	- 28.0%	17,800	- 24.7%	441.44

Note: Changes due to revision of forecast: Yes

*** 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 1H	42,059,381 shares	FY2023/3	41,903,281 shares
2) Number of treasury stock at the end of period:	FY2024/3 1H	1,704,712 shares	FY2023/3	1,529,552 shares
3) Average Number of shares outstanding during the period:	FY2024/3 1H	40,290,807 shares	FY2023/3 1H	40,664,177 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 1st Half of FY2024/3

(1) Overview of Business Performance

During the 1st half of the Fiscal Year ending March 2024 (FY2024/3), the global economy in general showed a growing sense of stagnation, as high inflation, and high interest rates as a measure to curb inflation continued in the U.S. and Europe, while in China, the sense of economic slowdown intensified mainly due to prolonged adjustments in the real estate sector.

Under these circumstances, the Company's business environment and the semiconductor and high-tech companies that are our customers in the Semiconductor Production Equipment (SPE) segment continued to take a conservative investment stance due to the continued sluggish demand for consumer electronics. In the manufacturing industry, which constitutes the customer base of the Metrology Equipment segment, there is a growing tendency to postpone investment decisions, mainly because of macroeconomic uncertainty.

As a result, Consolidated Orders in the 1st half (accumulated 2nd quarter) of the Fiscal Year 2024/3 (April 1st, 2023 – September 30th, 2023) were ¥59,509 million (down 25.8% YoY), Net Sales were ¥63,537 million (down 10.6% YoY), Operating Profit was ¥11,389 million (down 27.4% YoY), Recurring Profit was ¥12,072 million (down 27.1% YoY), and Net Profit Attributable to Owners of the Parent was ¥8,548 million (down 28.2% YoY).

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

[Semiconductor Production Equipment (SPE) Segment]

In the SPE segment, the demand for consumer electronics products, such as smartphones, PCs, and TVs, continued to be sluggish, and the demand for equipment for related semiconductors and electronic components remained weak, and as a result, Orders were declined YoY. Under such circumstances, the demand for power device, such as SiC, and various semiconductors in China remained strong, and the newly generated demand related to generative AI supported the Company's orders.

On the production side, the Company maintained shipments largely in line with plans against the backdrop of a continued high level of outstanding backlogs, while adjusting in response to postponement requests from some customers. Consequently, the Net sales decreased YoY, but remained at a high level. In addition, construction of a new *Hanno* plant was completed during the period under review.

As a result, Orders for SPE segment in the same period were ¥42,303 million (down 30.8% YoY), Net Sales were ¥46,964 million (down 15.2% YoY), and Operating Profit was ¥9,298 million (down 33.2% YoY).

[Metrology Equipment Segment]

In the Metrology Equipment segment, there was a movement in demand for EV development and charge/discharge testing systems for rechargeable batteries. However, macroeconomic uncertainty and economic slowdown in China and other countries led to a growing trend in major industries to postpone capital investment, resulting a decline in Orders YoY.

Production and shipments proceeded as planned, and Net sales increased YoY.

As a result, Orders for Metrology Equipment segment in the same period were ¥17,206 million (down 9.6% YoY), Net Sales were ¥16,573 million (up 5.7% YoY), and Operating Profit was ¥2,090 million (up 18.7% YoY).

(2) Analysis of Financial Position

[Assets, Liabilities and Net Assets]

Total Assets as of September 30th, 2023, amounted to ¥205,524 million, a decrease of ¥3,508 million from the end of FY2023/3. The major factors behind this change include a decrease in Cash and cash equivalents of ¥11,926 million; an increase in Inventories including Finished goods, Raw materials and supplies, and Work in progress of ¥9,546 million; an increase in Tangible fixed assets of ¥4,579 million, and a decrease in accounts receivable, such as Notes and accounts, contract assets, and Electronically recorded monetary claims of ¥2,961 million.

Total Liabilities decreased by ¥8,012 million to ¥54,991 million. This was mainly due to a decrease in accounts payable, such as Notes and accounts payable and electronically recorded obligations-operating of ¥3,491 million; a decrease in Income taxes payable of ¥3,034 million; and a decrease in Long-term debt of ¥2,000 million.

Net Assets increased by ¥4,504 million and totaled ¥150,533 million; the Equity Ratio reached 72.3%

[Overview of Cash Flows]

Cash and cash equivalents on September 30th, 2023, amounted to ¥28,108 million; there was a decrease of ¥11,927 million from the end of FY2023/3. The status of cash flows during this period and the factors behind them are presented below.

The net cash provided by operating activities was ¥1,832 million, mainly from Net profit before income taxes and minority interests of ¥12,083 million; an increase in Inventories of ¥9,294 million; payment of income taxes of ¥5,642 million; a decrease in trade notes and accounts payable of ¥4,397 million; a decrease in Notes and accounts receivable of ¥3,891 million; and Depreciation of ¥2,100 million.

The net cash used in investing activities was ¥6,498 million, primarily because of payments for the purchase of tangible fixed assets of ¥6,065 million and intangible fixed assets of ¥697 million.

The net cash used in financing activities was ¥7,821 million. The major element of this was the payment of dividends of ¥5,087 million and Repayment of loans payable of ¥2,000 million.

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

In the SPE segment, although capital investment demand slows mainly because of a decrease in demand for consumer electronics products for a certain period, the Company expects the demand for power devices such as SiC, and uptake of projects related to generative AI. In the Metrology segment, in contrast, the Company estimates postponements of capital investment in all the diverse manufacturing industries that are customers of the measuring components segment likely to continue for a certain period.

Based on the above, the Company revised its consolidated earnings forecast for FY2024/3 (full year) (raised at SPE segment and lowered at Metrology segment) previously announced on May 12th, 2023.

(FY2024/3 Full Year)

	Net Sales (Millions of Yen)	Operating Profit (Millions of Yen)	Recurring Profit (Millions of Yen)	Net Income attributable to owners of the parent (Millions of Yen)	Net Profit Per Share (Yen)
Previous Forecast (A)	129,000	24,000	24,000	17,000	422.82
Revised Forecast (B)	132,000	24,500	25,400	17,800	441.44
Change (B-A)	3,000	500	1,400	800	-
Change ratio (%)	2.3%	2.1%	5.8%	4.7%	-
Results for the FY2023/3, ended March 31 st , 2023	146,801	34,494	35,297	23,630	581.33

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 1H (September 30 th , 2023)
ASSETS		
Current Assets		
Cash and cash equivalents	40,080	28,154
Notes, accounts receivable and contract assets	36,401	33,200
Electronically recorded monetary claims	7,002	7,242
Merchandise and finished goods	2,462	2,628
Work in progress	32,862	37,205
Raw materials and supplies	18,156	23,195
Others	7,063	3,993
Allowance for doubtful accounts	- 57	- 50
Total current assets	143,972	135,570
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	16,624	28,420
Others(net)	32,329	25,113
Total Tangible Fixed Assets	48,954	53,534
Intangible Fixed Assets		
Goodwill	279	280
Others	3,672	4,005
Total Intangible Fixed Assets	3,951	4,285
Investments and other assets		
Others	12,267	12,246
Allowance for doubtful accounts	- 112	- 112
Total Investments and other assets	12,154	12,134
Total Fixed Assets	65,060	69,954
Total Assets	209,032	205,524

(Millions of Yen)

	FY2023/3 (March 31 st , 2023)	FY2024/3 1H (September 30 th , 2023)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	10,164	9,091
Electronically recorded obligations-operating	12,194	9,776
Short-term debt	1,300	1,300
Current portion of long-term debt	4,000	3,000
Income taxes payable	6,324	3,289
Contract liabilities	8,703	9,245
Reserves for bonus	2,636	2,743
Reserves for director's bonuses	9	85
Others	5,615	5,304
Total current liabilities	50,947	43,836
Fixed Liabilities		
Long-term debt	8,000	7,000
Allowance for director retirement benefits	57	51
Net defined benefit liabilities	1,248	1,294
Provision for loss on litigation	1,914	1,914
Asset retirement obligations	65	103
Others	771	791
Total fixed liabilities	12,057	11,155
Total Liabilities	63,004	54,991
NET ASSETS		
Shareholder's Equity		
Common stock	11,064	11,350
Capital surplus	22,179	22,496
Retained earnings	114,005	117,463
Treasury stock	- 7,098	- 7,980
Total Shareholder's Equity	140,150	143,330
Accumulated other comprehensive income		
Holding gain or loss in investment	510	794
Foreign currency translation adjustment	2,619	3,596
Remeasurements of defined benefit plans	1,007	923
Total accumulated other comprehensive income	4,137	5,313
Share subscription rights	1,072	1,115
Non-controlling interests	668	773
Total Net Assets	146,028	150,533
Total Liabilities and Net Assets	209,032	205,524

(2) Consolidated Statements of Income, and Comprehensive Income

Consolidated Statements of Income

1st half of FY2024/3 (April 1st, 2023 – September 30th, 2023)

(Millions of Yen)

	FY2023/3 1H (April 1 st , 2022- September 30 th , 2022)	FY2024/3 1H (April 1 st , 2023- September 30 th , 2023)
Net Sales	71,076	63,537
Cost of goods sold	41,724	37,802
Gross Profit on Sales	29,351	25,735
Selling, general and administrative expenses	13,666	14,345
Operating Profit	15,685	11,389
Non-operating income		
Interest income	16	22
Dividend income	53	35
Foreign exchange gains	388	449
Gain on investments in investment partnerships	172	101
Compensation income	188	16
Others	101	184
Total Non-operating income	920	809
Non-operating expenses		
Interest expenses	19	50
Loss on disposal of fixed assets	0	60
Loss on transportation accident	14	-
Others	9	16
Total Non-operating expenses	44	126
Recurring Profit	16,561	12,072
Extraordinary gains		
Gain on reversal of subscription rights to shares	5	6
Gain on sales of investment securities	-	19
Gain on liquidation of subsidiaries	58	-
Total Extraordinary gains	64	26
Extraordinary losses		
Extra retirement payments	-	14
Total Extraordinary losses	-	14
Profit before income taxes and minority interests	16,626	12,083
Income tax and other taxes	4,751	3,122
Adjustment on income tax	- 71	333
Total Income tax and others	4,679	3,455
Net Profit before minority interests	11,947	8,628
Net Profit attributable to minority interests	38	79
Net Profit attributable to Owners of the Parent	11,908	8,548

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

(Millions of Yen)

	FY2023/3 1H (April 1 st , 2022- September 30 th , 2022)	FY2024/3 1H (April 1 st , 2023- September 30 th , 2023)
Net Profit before minority interests	11,947	8,628
Accumulated other comprehensive income		
Holding gain or loss in investment	33	284
Foreign currency translation adjustment	1,518	1,001
Remeasurements of defined benefit plans	- 36	- 84
Total accumulated other comprehensive income	1,515	1,201
Comprehensive Income	13,462	9,829
(breakdown)		
Comprehensive income attributable to owners of the parent	13,387	9,724
Comprehensive income attributable to non-controlling interests	74	105

(3) Consolidated Statements of Cash Flows

	FY2023/3 1H (April 1 st , 2022- September 30 th , 2022)	FY2024/3 1H (April 1 st , 2023- September 30 th , 2023)
Cash flows from operating activities:		
Profit before income taxes and minority interests	16,626	12,083
Depreciation	1,798	2,100
Amortization of goodwill	20	22
Stock related expense	136	259
Change in Net defined benefit asset (-:decrease)	53	53
Change in allowance for director retirement benefits (-:decrease)	5	- 5
Change in allowance for doubtful accounts (-:decrease)	1	- 11
Interest and dividend income	- 69	- 58
Interest expense	19	50
Gain on investments in investment partnerships (-: gain)	- 172	- 101
Gain(loss) on sales of investment securities (-: gain)	-	- 19
Gain on liquidation of subsidiaries	- 58	-
Change in trade notes and accounts receivable (-: increase)	- 4,084	3,891
Change in inventories (-: increase)	- 6,563	- 9,294
Change in trade notes and accounts payable(-:decrease)	113	- 4,397
Change in contract liabilities (-:decrease)	45	383
Others	1,703	2,508
Subtotal	9,575	7,465
Proceeds from interest and dividend income	70	58
Payment of interest	- 18	- 48
Payment of income taxes	- 5,016	- 5,642
Net cash provided by operating activities	4,611	1,832
Cash flows from investing activities:		
Payment for time deposits	- 29	- 30
Proceeds from time deposits	10	30
Payment for purchase of tangible fixed assets	- 4,903	- 6,065
Proceeds from sales of tangible fixed assets	6	75
Payment for purchase of intangible fixed assets	- 151	- 697
Acquisition of goodwill	- 77	-
Payment for purchase of investment securities	- 1	- 1
Proceeds from sales of investment securities	-	57
Payment for investments in investment partnerships	- 7	- 24
Proceeds from distributions from investment partnerships	320	154
Proceeds from liquidation of subsidiaries	79	-
Payment for loans receivable	- 1	- 0
Proceeds from collection of loans receivable	0	0
Payments for lease deposits and guarantee deposits	- 50	- 4
Proceed from collection of lease deposits and guarantee deposits	3	7
Net cash provided by investing activities	- 4,803	- 6,498
Cash flows from financing activities:		
Repayment of long-term debt	- 1,000	- 2,000
Repayment of lease liability	- 84	- 177
Proceeds from exercise of stock options	69	362
Payments for purchase of treasury stock	- 0	- 919
Dividend payments	- 4,105	- 5,087
Net cash provided by financing activities	- 5,120	- 7,821
Effect of exchange rate changes on cash and cash equivalents	1,055	559
Net increase/decrease in cash and cash equivalents (-: decrease)	- 4,256	- 11,927
Cash and cash equivalents at beginning of period	49,006	40,036
Cash and cash equivalents at end of period	44,749	28,108

(4) 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 half 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 ¥919 million during the period.

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

2. Disposal of Treasury Stock

During the 1st half of FY2024/3, Tokyo Seimitsu (the Company) has disposed 7,940 shares as restricted stock compensation with the resolution of the Board of Directors meeting held on July 5th, 2023. Therefore, Treasury Stock has been decreased by ¥37 million during the period.

Consequently, as of the end of the period, Treasury stock amounted to ¥7,980 million.

(Changes in Accounting Policies)

Not applicable.

(Segment Information and Others)

1st half of FY2023/3 (April 1st, 2022 – September 30th, 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:	55,400	15,675	71,076
Intersegment sales to transfer	-	-	-
Total	55,400	15,675	15,675
Segment Profit	13,923	1,762	15,685

1st half of FY2024/3 (April 1st, 2023 – September 30th, 2023)

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:	46,964	16,573	63,537
Intersegment sales to transfer	-	-	-
Total	46,964	16,573	63,537
Segment Profit	9,298	2,090	11,389

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

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